4,958,235,292 Shares

Piraeus Bank S.A.

including a 35.680197 for 1 share Rights Offering of up to 4,079,411,764 Ordinary Shares
Subscription Price €1.70 per New Share

Piraeus Bank S.A. (the "Bank") is offering up to 4,079,411,764 ordinary registered shares of nominal value €0.30 per share in the share capital of the Bank (the "Rights Offering New Shares"). The Rights Offering New Shares are initially being offered to existing holders of ordinary shares of the Bank (the "Ordinary Shares") who may lawfully subscribe on a *pro rata* basis to their shareholdings and to Banco Comercial Português ("BCP") pursuant to the BCP Private Placement (as defined below) following the waiver of the pre-emption rights of existing holders of Ordinary Shares. Subject to relevant securities laws and the terms set forth in this Offering Memorandum, holders of Ordinary Shares registered on the register of shareholders on 7 June 2013 (the "Record Date") will be granted transferable pre-emptive subscription rights (the "Rights") that may be exercised to subscribe for Rights Offering New Shares at a subscription price of €1.70 per Rights Offering New Share (the "Subscription Price"). Holders of Ordinary Shares will receive one Right for every Ordinary Share they own on the Record Date. Each holder of Rights will be entitled to subscribe for 35.680197 Rights Offering New Shares for every Right held. The offering of Rights to subscribe for Rights Offering New Shares is referred to as the "Rights Offering". In addition, holders of the Rights (whether holders of Ordinary Shares or transferees of Rights) will have the right to subscribe for Rights Offering New Shares ("Oversubscription New Shares") that are not subscribed for by other holders of Rights (the "Oversubscription Rights") at the Subscription Price (the "Oversubscription").

Any remaining Rights Offering New Shares that are not subscribed for pursuant to the Rights Offering, the Oversubscription and the BCP Private Placement (the "Remaining Rights Offering New Shares") may be offered in Greece, to eligible investors outside the United States in offshore transactions in reliance on Regulation S ("Regulation S") and/or within the United States only to "qualified institutional buyers" ("QIBs"), as defined in Rule 144A ("Rule 144A") under the U.S. Securities Act of 1933, as amended (the "Securities Act"), in reliance upon an exemption from the registration requirements of the Securities Act at the Institutional Offering Price (as defined herein), subject to certain conditions, provided that the Institutional Offering Price shall not be less than the Subscription Price. The offering of Remaining Rights Offering New Shares shall be herein defined as the "Institutional Offering".

In connection with our acquisition of its Greek subsidiary, Société Générale ("SG") has agreed to participate in the Offering by applying the redemption monies received by it upon the redemption at par of our outstanding €170,304,000 1.0% senior unsecured notes towards the subscription of Remaining Rights Offering New Shares in the Offering or securities exchangeable into Ordinary Shares. BCP, in connection with our acquisition of its Greek subsidiary, and subject to antitrust and regulatory approvals and certain other conditions, has agreed to subscribe for Ordinary Shares (the "BCP Private Placement New Shares") with a value equal to €400 million in an issuance to be effected as a private placement of Ordinary Shares for which the pre-emptive rights of our Ordinary Shares will have been waived (the "BCP Private Placement").

Any Remaining Rights Offering New Shares that are not allocated to eligible investors will be subscribed for by the Hellenic Financial Stability Fund (the "HFSF") at the Subscription Price by making an in-kind contribution to the share capital of the Bank of notes issued by the European Financial Stability Fund (the "EFSF") (the "HFSF Offering"). The HFSF will also provide us with a capital contribution in the form of EFSF notes, in an aggregate principal amount of €570 million in connection with the ATEbank Acquisition (as defined herein) (the "Additional HFSF Offering" and, together with the Rights Offering, the Oversubscription, the BCP Private Placement, the Institutional Offering and the HFSF Offering, the "Offering") in exchange for which we will issue Ordinary Shares of equal value. The Ordinary Shares issued to the HFSF as part of the HFSF Offering and the Additional HFSF Offering are herein referred to as the "HFSF Shares". The HFSF has approved and will provide us with a further capital contribution in the form of EFSF notes in an aggregate principal amount of €524 million in connection with the Cypriot Acquisitions (as defined herein) (the "HFSF Private Placement"), in exchange for which we will issue Ordinary Shares of equal value (the "HFSF Private Placement New Shares" and, together with the Rights Offering New Shares, the Oversubscription New Shares, the Remaining Rights Offering New Shares, the BCP Private Placement New Shares and the HFSF Shares, the "New Shares").

To the extent that private sector participation in the total amount of capital to be raised by the issuance of Ordinary Shares (the "Ordinary Share Capital Increase") exceeds the €575.5 million Minimum Threshold (as defined herein) but does not reach 10% of the Bank of Greece's €7,335 million initial assessment of our capital needs (the "Initial Capital Assessment"), the Ordinary Share Capital Increase will be adjusted downwards such that private sector investor participation will still account for 10% of the total Ordinary Share Capital Increase (as adjusted, the "Adjusted Ordinary Share Capital Increase"), with the HFSF subscribing for the remaining Ordinary Shares based on the Adjusted Ordinary Share Capital Increase. The funding shortfall between the Initial Capital Assessment and the Adjusted Ordinary Share Capital Increase will be addressed through the issuance by the Bank of Contingent Convertible Securities, which are mandatorily convertible into our Ordinary Shares, in an aggregate principal amount equal to the difference between the Initial Capital Assessment and the Adjusted Ordinary Share Capital Increase. For information on the Contingent Convertible Securities, please see "Description of Share Capital—Contingent Convertible Securities".

To the extent that private sector participation in the Ordinary Share Capital Increase in at least equal to the Minimum Threshold (as defined herein), the HFSF will issue warrants (the "Warrants" and, together with the Rights and New Shares, the "Offered Securities") to each private sector investor, including BCP and SG, participating in the Offering. For each New Share subscribed for by a private sector investor, the HFSF will issue, pursuant to a specific formula stipulated by law, one Warrant granting the right to acquire up to a number of the Bank's ordinary shares held by the HFSF at the exercise price during the four-and-a-half year period (from the date of the issuance of the Warrants) consisting of nine six-month exercise periods, subject to certain additional conditions. The Warrants will lapse if they remain unexercised after the four-and-a-half year period. Application shall be made to list the Warrants independently on the Athens Exchange (the "ATHEX"). We expect that the Warrants will be delivered to investors through the facilities of the Hellenic Exchanges S.A., Clearing, Settlement and Registry (the "HELEX") concurrently with the delivery of the Rights Offering New Shares and that trading in the Warrants on the ATHEX will commence concurrently with the trading of the Rights Offering New Shares. For further information on the Warrants, please see "Description of Share Capital—Warrants".

Subject to compliance with relevant securities laws, the Rights will be freely transferable and are expected to trade on the ATHEX from 11 June 2013 until 18 June 2013. We expect that the New Shares will be delivered to subscribers on or around 4 July 2013 (the "Expected Delivery Date"), but no assurance can be given that such issue and delivery will not be delayed. The Rights Offering in Greece and the Oversubscription and the Institutional Offering in Greece are being made pursuant to the separate Greek-language prospectus (the "Greek Prospectus"). The Ordinary Shares are, and application shall be made for the Rights Offering New Shares to be, listed on the securities market of the ATHEX under the symbol "TPEIR". The "Record Date" for the purpose of determining entitlement to Rights is expected to be 7 June 2013. The "Cum-Rights Date", which is the last day that the Ordinary Shares are expected to trade with Rights on the ATHEX, is expected to be 4 June 2013. The Ordinary Shares are expected to commence trading ex-Rights on the ATHEX on 5 June 2013 (the "Ex-Rights Date"). On 31 May 2013, the closing price of the Ordinary Shares on the ATHEX was €0.20 per Ordinary Share, before giving effect to the 10-for-1 reverse stock split. See "Summary—Recent Developments".

Any Rights (including, for the avoidance of doubt, the Oversubscription Rights) unexercised at the end of the subscription period, which is expected to be on 25 June 2013, will expire valueless without any compensation.

Investing in the New Shares and the Warrants involves risks. Prospective investors should read the entire document and, in particular, "Risk Factors" beginning on page 31 when considering an investment in the Bank.

The distribution of this Offering Memorandum, and the exercise of any Rights, may be restricted by law, and therefore those persons into whose possession this Offering Memorandum comes or who wish to exercise Rights must inform themselves about and observe any such restrictions. Any failure to comply with any of those restrictions may constitute a violation of applicable securities laws. Neither the New Shares nor the Warrants have been or will be registered under the Securities Act. Accordingly, the Rights and the Oversubscription Right may not be exercised and the New Shares and the Warrants may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

This Offering Memorandum has been prepared on the basis that any offer of New Shares and Warrants in any member state of the European Economic Area which has implemented the Prospectus Directive (each a "Relevant Member State"), other than the Greek public offering contemplated in the Greek Prospectus, will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a prospectus for offers of shares. Accordingly, any person making or intending to make any offer in that Relevant Member State may only do so in circumstances in which such no obligation arises for the Bank to produce a prospectus pursuant to Article 3 of the prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. The Bank has not authorised, nor does it authorise the making of any offer of New Shares or Warrants in circumstances in which an obligation arises for the Bank to publish or supplement a prospectus for such offer. The Bank has not authorised, nor does it authorise, the making of any offer of shares through any financial intermediary. The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

The date of this Offering Memorandum is 3 June 2013.

This Offering Memorandum is a confidential document that we are providing to prospective investors. You are authorised to use this Offering Memorandum solely for the purpose of considering an investment in the Offered Securities offered in the Institutional Offering as described in this Offering Memorandum. This Offering Memorandum is based on information provided by us and by other sources that we believe are reliable. We cannot assure you that information included herein is accurate or complete. You may not reproduce or distribute this Offering Memorandum, in whole or in part, and you may not disclose any of the contents of this Offering Memorandum or use any information in this Offering Memorandum for any purpose other than considering an investment in the Offered Securities. You agree to the foregoing by accepting delivery of this Offering Memorandum.

No person is authorised to give information or to make any representation in connection with the offering or sale of the Offered Securities other than as contained in this Offering Memorandum. If any such information is given or made, it must not be relied upon as having been authorised by us or any of our affiliates, advisers or selling agents. Neither the delivery of this Offering Memorandum nor any sale made hereunder shall under any circumstances imply that there has been no change in our affairs since the date hereof or that the information set out in this Offering Memorandum is correct as at any date subsequent to its date.

We accept responsibility for the information contained in this Offering Memorandum, and to the best of our knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

In making an investment decision, prospective investors must rely upon their own examination, analysis and enquiry of us and the Offered Securities and the terms of the Offering, including the merits and risks involved.

None of the Bank, or any of its representatives, is making any representation to any offeree or purchaser of the Offered Securities regarding the legality of an investment in the New Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisers as to the legal, tax, business, financial and related aspects of a purchase of the Offered Securities.

The investors also acknowledge that they have relied only on the information contained in this document, and that no person has been authorised to give any information or to make any representation concerning the Bank or its subsidiaries or the Offered Securities (other than as contained in this Offering Memorandum) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Bank.

The distribution of this Offering Memorandum and the offering and sale of the Offered Securities in certain jurisdictions may be restricted by law. We require persons into whose possession this Offering Memorandum comes to inform themselves about, and to observe, any such restrictions. For a description of certain restrictions on the offering and sale of the Offered Securities, see "Selling and Transfer Restrictions". This Offering Memorandum does not constitute an offer of, or an invitation to purchase, any of the Offered Securities in any jurisdiction in which such offer or sale would be unlawful. No one has taken any action that would permit a public offering of the Offered Securities to occur in any jurisdiction other than Greece.

We have not submitted this Offering Memorandum to the clearance procedures of the Hellenic Capital Market Commission (the "HCMC") and accordingly it may not be used in connection with any offer to purchase or sell any New Shares in the Rights Offering in Greece. For the purposes of the Rights Offering, the Oversubscription in Greece and the Institutional Offering, we have prepared a prospectus in the Greek language which has been approved by the HCMC.

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NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

None of the Offered Securities (as defined herein) have been, or will be, registered under the Securities Act, or the securities laws of any state in the United States, and such securities may be offered, sold, exercised or otherwise transferred only: (i) outside the United States in offshore transactions in reliance on Regulation S or (ii) within the United States only to "qualified institutional buyers" as defined in Rule 144A in reliance upon an exemption from the registration requirements of the Securities Act. For a description of restrictions on transfer and resales, see "Selling and Transfer Restrictions". Each purchaser of Offered Securities in the United States in making its purchase (whether by way of exercise of Rights or purchase in the Oversubscription or Institutional Offering) will be required to execute a QIB representation letter in the form set forth in Annex A to this Offering Memorandum. None of the Offering Securities have been recommended by any United States federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offence in the United States.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES, AS AMENDED ("RSA 421-B"), WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT ANY EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO PROSPECTIVE INVESTORS IN GREECE

This Offering Memorandum has not been submitted to the approval procedure of the HCMC, pursuant to Law 3401/2005, as in force, and Regulation (EC) 809/2004 of the European Union, and accordingly, may not be used in connection with any offer to purchase or sell any Offered Securities or as part of any form of general solicitation or advertising in circumstances that would constitute an offer to the public in Greece.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

This Offering Memorandum has been prepared on the basis that any offer of Offered Securities in any member state of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of shares. Accordingly, any person making or intending to make an offer in that Relevant Member State of Offered Securities which are the subject of the offering contemplated in this Offering Memorandum may only do so in circumstances in which no obligation arises for the Bank to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. The Bank has not authorised, nor does it authorise, the making of any offer of Offered Securities in circumstances in which an obligation arises for the Bank to publish or supplement a prospectus for such offer. The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any Offered Securities under the offers contemplated in this Offering Memorandum will be deemed to have represented, acknowledged and agreed to and with the Bank that

(A) it is a "qualified investor", within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive and (B) in the case of any Offered Securities acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (x) the Offered Securities acquired by it in the Institutional Offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than "qualified investors" as defined in the Prospectus Directive, or (y) where Offered Securities have been acquired by it on behalf of persons in any Relevant Member State other than "qualified investors" as defined in the Prospectus Directive, the offer of those Offered Securities to it is not treated under the Prospectus Directive as having been made to such persons.

For the purpose of the above provisions, the expression "an offer to the public" in relation to any Offered Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer of any Offered Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Offered Securities, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

This Offering Memorandum is for distribution only to persons (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) who fall within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) who are outside the United Kingdom, or (iv) to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) (the "FSMA") in connection with the issue or sale of any Offered Securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

NOTICE TO PROSPECTIVE INVESTORS IN THE REPUBLIC OF ITALY

This Offering Memorandum has not been submitted to the *Commissione Nazionale per le Società e la Borsa*, the Italian securities regulator ("CONSOB") for clearance and will not be subject to formal review or clearance by CONSOB.

The Offered Securities may not be offered, sold or delivered, directly or indirectly, in the Republic of Italy or to a resident of the Republic of Italy, unless such offer, sale or delivery of the Offered Securities, or distribution of copies of the Offering Memorandum, in the Republic of Italy is:

(a) made only to qualified investors (*investitori qualificati*) as defined pursuant to Article 34-*ter*, first paragraph, letter b), of CONSOB Regulation No. 11971 of 14 May 1999, as amended ("Regulation No. 11971"), as implemented by Article 26, first paragraph, letter d) of CONSOB Regulation No. 16190 of 29 October 2007, as amended ("Regulation No. 16190"), provided that such qualified investors will act in their own account and not as depositaries or nominees for other shareholders or third parties; or

(b) in other circumstances which are exempt from the rules on public offers pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "Italian Securities Act") and its implementing CONSOB regulations, including Regulation No. 11971.

Any such offer, sale or delivery of any Offered Securities, or distribution of copies of the Offering Memorandum, in the Republic of Italy must be in compliance with the selling restrictions under (a) and (b) above and must be:

(i) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with the relevant provisions of the Italian Securities Act, Regulation No. 16190 and Legislative Decree No. 385 of 1 September 1993, as amended (the "Italian Banking Act");

(ii) in compliance with Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, as amended, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy; and

(iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or the Bank of Italy or any other Italian authority.

In accordance with Article 100-bis of the Italian Securities Act, either the subsequent resale on the secondary market in the Republic of Italy of the Offered Securities (which were part of an offer made pursuant to an exemption from the obligation to publish a prospectus) or the subsequent systematic resale on the secondary market in Italy to investors that are not qualified investors within 12 months of completion of the offer reserved to qualified investors only, constitutes a distinct and autonomous offer that must be made in compliance with the public offer and prospectus requirement rules provided under the Italian Securities Act and Regulation No. 11971 unless an exemption applies. Failure to comply with such rules may result in the subsequent resale of such Offered Securities being declared null and void and in the liability of the intermediary transferring such Offered Securities for any damage suffered by the investors

CERTAIN DEFINITIONS

In this Offering Memorandum and unless otherwise specified, references to "Piraeus Bank" or to the "Bank" are to Piraeus Bank S.A., a company organised under the laws of Greece; references to "we", "us" and "our" are to Piraeus Bank and, unless otherwise indicated, to its consolidated subsidiaries; references to the "Piraeus Bank Group" or the "Group" are to Piraeus Bank and its consolidated subsidiaries; references to "Greece" are to the country, the official name of which is the Hellenic Republic; references to the "EU" and "EC" are to the European Union and the European Community, respectively; references to "ECB" are to the European Central Bank; references to "IMF" are to the International Monetary Fund; references to the "U.S." are to the United States of America; references to "HELEX" are to Hellenic Exchanges S.A. Holding, Clearing, Settlement and Registry; references to "HCMC" are to the Hellenic Capital Market Commission, the regulator and supervisor of securities markets in Greece; and references to "HFSF" are to the Hellenic Financial Stability Fund.

SERVICE OF PROCESS AND ENFORCEMENT OF FOREIGN JUDGEMENTS IN GREECE

We are a *société anonyme* established in Greece. All of our directors and executive officers reside in Greece. Our assets and the assets of our directors and executive officers are located principally in Greece. As a result, you may not be able to effect service of process within your jurisdiction on any such persons, or to enforce within your jurisdiction a judgement obtained against us or such other persons in the courts of your jurisdiction.

CONSENT TO SERVICE

A final judgment against the Bank rendered by any competent English court will be recognised in Greece without being reviewed as to the merits according to the provisions of EU Regulation 44/2001 or Regulation 1215/2002 (depending on the time the relevant lawsuit is filed). A judicial duty equivalent to approximately 0.9% of the amount claimed is payable to the Greek courts upon the commencement of proceedings before a Greek court to obtain a judgment upon any amount due from us.

MARKET, INDUSTRY AND OTHER INFORMATION

Market data used under "The Banking Sector and the Economic Crisis in Greece" and elsewhere in this Offering Memorandum and information set out under "Securities Trading in Greece" have been obtained from our internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications, including without limitation reports and press releases prepared and issued by the IMF, the Hellenic Statistical Authority, the Bank of Greece, Eurostat, the European Commission and the PDMA, as well as the Financial Stability Report of July 2010, the Monthly Statistical Bulletins of the ECB and the Updates of the Hellenic Stability and Growth Programme from the Greek Ministry of Finance. Market research, publicly available information and industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. The Bank accepts responsibility for accurately extracting and

reproducing the same, but accepts no further or other responsibility in respect of the accuracy or completeness of such information.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

This Offering Memorandum includes our annual audited consolidated financial statements as at and for the years ended 31 December 2012, 2011 and 2010, and our interim unaudited consolidated financial statements as at and for the three-month period ended 31 March 2013 (including the comparative figures as at and for the three-month period ended 31 March 2012), which were prepared in accordance with International Financial Reporting Standards ("IFRS") and audited (in the case of our audited consolidated financial statements) or reviewed (in the case of our interim unaudited consolidated financial statements) by our independent auditors, PricewaterhouseCoopers S.A. Our consolidated financial statements included in this Offering Memorandum were prepared in accordance with IFRS and our interim unaudited financial statements were prepared in accordance with International Accounting Standards ("IAS") 34.

Unless otherwise stated, financial and statistical data presented in this Offering Memorandum relating to the Group as at and for the three months ended 31 March 2013 are presented on an actual basis, which gives effect to the ATEbank Acquisition and the Geniki Acquisition (as defined herein), which were completed in the second half of 2012, and to the Cypriot Acquisitions, which were completed prior to the end of the first quarter of 2013, but does not give effect to the MBG Acquisition, which remains subject to the satisfaction of certain conditions and receipt of antitrust and regulatory approvals.

Certain operational and statistical information relating to our operations included herein is unaudited and has been derived from our financial statements and/or accounting records.

PricewaterhouseCoopers S.A. has neither examined, compiled, nor performed any procedures with respect to the information derived from the Blackrock Diagnostic Assessment (as defined herein) and, accordingly, PricewaterhouseCoopers S.A. does not express an opinion or any other form of assurance on such information or its achievability. PricewaterhouseCoopers S.A. assumes no responsibility for and denies any association with Blackrock's information and any other information derived therefrom included elsewhere in this Offering Memorandum. The PricewaterhouseCoopers S.A. report included in this Offering Memorandum refers exclusively to the Bank's historical financial statements. It does not extend to the Blackrock information and should not be read to do so.

We prepare our financial statements in euro. The euro is the common legal currency of the EU Member States participating in the third stage of the European Economic and Monetary Union (EMU), including Greece. In this Offering Memorandum, unless we specify otherwise or the context otherwise requires, references to "$", "USD" and "U.S. dollar" are to the United States dollar and references to "€" or "euro" are to the euro.

Our financial year ends on 31 December of each year. References to any financial year refer to the year ended 31 December of the calendar year specified.

Certain monetary amounts and other figures included in this Offering Memorandum have been subject to rounding adjustments. Accordingly, any discrepancies in any tables between the totals and the sums of the amounts listed are due to rounding.

Special terms used in the banking industry are defined in the glossary of technical terms. See "Glossary of Selected Terms".

In accordance with IFRS 8, we present and report separately our four main business segments: Retail Banking, Corporate Banking, Investment Banking and Asset Management & Treasury. Income and expenses directly associated with each segment are included in determining business segment performance. Intra-segment revenue and costs are eliminated at the consolidated level. The Retail Banking segment includes the retail banking operations of the Bank and its subsidiaries, which are addressed to retail customers, as well as to SMEs (as defined herein) such as deposits, loans, working capital, trade financing facilities, letters of guarantee and other similar services. The presentation of our business and operations under the section "Our Business" does not necessarily reflect the presentation of our business segments in our financial statements and other financial information.

Pro Forma Financial Information

This Offering Memorandum does not contain pro forma financial information that would have provided information about how the Acquisitions (as defined herein), and particularly the ATEbank Acquisition and the Cypriot Acquisitions (each as defined herein), might have affected our consolidated financial statements had the Acquisitions been consummated on 1 January 2012 or 1 January 2013. Such pro forma financial information could not, in the view of management, be meaningful to investors for the reasons set out below.

In respect of the ATEbank Acquisition, meaningful pro forma financial information for the year ended 31 December 2012 could not be produced because:

- the period from 1 January 2012 to the acquisition date, 27 July 2012, was marked by uncertainty and continuously deteriorating market and financial conditions in Greece. As a result, all sectors of the economy experienced contraction, while the financial sector, including the Bank and the Agricultural Bank of Greece S.A. ("ATEbank"), experienced deposit outflows, a subsequent increase in deposit interest rates and a related increase in funding costs. Due to this economic uncertainty and deterioration, any effort to estimate the results for the pre-acquisition period of 2012 or to determine such results by analogy would not be meaningful, as the assumptions underlying the adjustments could not be meaningfully substantiated; and
- we acquired only selected assets (including only loans which were performing as at the acquisition date) and the related liabilities of ATEbank and not the entire entity itself, which rendered it difficult to formulate assumptions about the specific results related to such assets and liabilities independent of the bank from which we acquired them. In addition, we offered employment to all ex-ATEbank employees who had been dismissed. Our offer was accepted by 90% of the ATEbank employees (approximately 5,000 out of 5,500 employees), whom we hired pursuant to new employment agreements that included changed benefit and compensation arrangements, therefore altering the related cost base.

In respect of the Cypriot Acquisitions, meaningful pro forma financial information for the year ended 31 December 2012 and the three months ended 31 March 2013 could not be produced because:

- a significant proportion of the assets that we acquired in the Cypriot Acquired Businesses (as defined herein) was monitored by the Cypriot parent banks through their systems in Cyprus. As a consequence, our access to data relating to these assets was in certain circumstances limited to basic information required to complete the acquisition, and, as a result, limited our ability to produce comparative data on the Acquired Businesses (as defined herein) in order to produce meaningful pro forma financial information; and
- certain of the assets were subject to monitoring through systems installed in subsidiary companies, which we did not acquire. Without access to these data, assumptions relating to pre-acquisition periods could not be meaningfully substantiated.

Comparability of Results

Due to the changes in our business and operations as a result of the Acquisitions (as defined herein) that have been consummated, our financial condition and results of operations for periods prior to consummation of such Acquisitions may not be comparable to our financial condition and results of operations for post-Acquisitions periods.

The data included in our consolidated statement of cash flows for 2011, which are included in the audited consolidated statement of cash flows for 2012 for comparative purposes, were adjusted to reflect the treatment of Marathon Banking Corporation as discontinued operations and the reclassification of Piraeus Bank Egypt from discontinued operations to continuing operations.

The data included in our consolidated statement of cash flows for 2010, which are included in the audited consolidated statement of cash flows for 2011 for comparative purposes, were adjusted due to the presentation of Piraeus Bank Egypt as discontinued operations, the share capital increase and the non-payment of dividends for preference shares, as well as due to a reclassification of funds from investment portfolio securities to provisions and impairment.

Data in the consolidated statement of financial position for 2010, which are included in the audited consolidated statement of financial position for 2011 for comparative purposes, have been

restated for comparativeness purposes due to the set-off in 2011 between deferred tax receivables and tax obligations.

Data in the consolidated interim income statement and the consolidated interim statement of changes in equity for the period ended 31 March 2012, which are included in the unaudited consolidated interim income statement and consolidated interim statement of changes in equity, respectively, for the period ended 31 March 2013 for comparative purposes, have been adjusted as a result of the retrospective application of IAS 19 "Employee Benefits".

Available Information

We are exempt from the reporting requirements of Section 12(g) of the U.S. Securities Exchange Act of 1934 (the "Exchange Act") in accordance with Rule 12g3-2(b) thereunder. Pursuant to the terms of this exemption, we will publish in English, on our website, certain information in accordance with Rule 12g3-2(b) under the Exchange Act.

If, at any time, we are not subject to Section 13 or Section 15(d) of the Exchange Act and are no longer exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, we will furnish, upon request, to any owner of the New Shares, or any prospective purchaser designated by any such owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Pursuant to Greek law, we are required to file with the HCMC, and make publicly available on our website: (i) unaudited consolidated quarterly financial data, prepared in accordance with IFRS, within two months after the end of the relevant period; (ii) audited condensed consolidated semi-annual financial statements, prepared in accordance with IFRS, within two months after the end of the relevant period; and (iii) audited consolidated annual accounts, prepared in accordance with IFRS, within three months after the end of the year and prior to calling our annual General Meeting.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum includes forward-looking statements. Such items in this Offering Memorandum include, but are not limited to, statements made under "Risk Factors", "Operating and Financial Review and Prospects" and "Our Business". Such statements can be generally identified by the use of terms such as "believes", "expects", "may", "will", "should", "would", "could", "plans", "anticipates" and comparable terms and the negatives of such terms. By their nature, forward-looking statements involve risk and uncertainty, and the factors described in the context of such forward-looking statements in this Offering Memorandum could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to risks, uncertainties and assumptions about the Bank or the Group, including, among other things:

- the economic and political environment in Greece and other countries in which we operate;
- the financial performance and creditworthiness of companies and individuals in Greece or with a significant exposure to the Greek economy;
- failure in implementing the Second Economic Adjustment Programme or in realising its benefits;
- the issuance of Contingent Convertible Securities;
- insufficient capital resources;
- reduced ability to raise funds in the capital markets and dependence on the ECB and the Bank of Greece for funding;
- need for additional capital and liquidity due to bigger than expected deterioration of our portfolio;
- outflow of customer deposits;
- our ability to continue as a going concern;
- negative results in our bank stress testing;
- government and inter-governmental interventions, including nationalisations;
- constraints imposed by the EU regulatory and supervisory framework;
- downgrades in our and the Hellenic Republic's credit ratings;
- no or limited distribution of dividends;
- risks associated with conducting operations in emerging markets;
- the ability of the Hellenic Republic and the HFSF to exercise significant influence on us;
- the European Commission's rights of supervision under EU state aid rules in light of the recapitalisation provided by the HFSF to us and the other Greek systemic banks by virtue of the Second Economic Adjustment Programme, as well as funding we and the other Greek systemic banks received under the Hellenic Republic Bank Support Plan;
- the possibility that the HFSF could take control of us even if the required private sector contribution in this Offering is successfully achieved;
- payment of dividends or returns to holders of certain classes of securities and not others;
- cancellation or changes in the operational framework of the EFSF or the HFSF or in our participation in their programmes;
- macroeconomic conditions, such as a lack of liquidity in the global financial markets and other assets markets or a lack of availability and the rising cost of credit;
- the financial stability of other financial institutions and our counterparties and borrowers;
- the increase of non-performing loans and past due loans and the adequacy of our current provisions against problematic loans, as well as future impairment for non-performing loans;
- deterioration in borrower credit quality and recoverability of loans;

- interest rate volatility;
- losses resulting from trading and investment activities due to market fluctuations and volatility in interest rates;
- ineffective hedging strategies that fail to prevent losses;
- the effects of depressed asset valuations and difficulties determining fair values and estimates for assets;
- the risks relating to our core business activities, including credit risk, market risk, operational risk and liquidity risk;
- competition from Greek and foreign banks;
- the loss of our customer base;
- the effects of regulation and structural reform measures in Greece as well as prospective changes in regulation in Greece and other jurisdictions where we operate;
- the planned creation of a deposit guarantee system in the EU;
- changes in capital adequacy requirements;
- the potential need to revise the value of deferred tax assets downwards;
- impairment losses on goodwill and other intangible assets;
- changes in consumer protection laws;
- unfavourable bankruptcy laws and other laws and regulations governing creditors' rights;
- additional taxes;
- strikes affecting the Greek banking sector and other sectors of the Greek economy or other similar events;
- additional staff costs;
- interruptions in, or breaches of security in, our information systems;
- the contraction of our loan portfolio;
- risks related to proprietary portfolio activities;
- fraud and illegal activities;
- the inability to recruit or retain experienced and/or qualified personnel;
- the loss of senior executives;
- damage to our reputation;
- volatility of our share price;
- reduced liquidity of the ATHEX;
- the unavailability of pre-emptive rights to U.S. holders of our Ordinary Shares;
- the impact of exchange rate fluctuations on the value of our Ordinary Shares;
- unknown liabilities, risks and uncertainties relating to the Acquisitions;
- the inability to verify the information provided to us in connection with the Acquisitions;
- failure to realise expected cost and revenue synergies from the Acquisitions;
- the inadequacy of historical financial information;
- failure to integrate the Acquired Businesses effectively and in a timely manner;
- the non-completion of the MBG Acquisition;
- our ability to integrate new information technology ("IT") systems into our operations and to use these new systems to enhance profitability;

- litigation against the Bank or the Group; and
- other factors described under "Risk Factors".

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Memorandum might not occur. Any statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Investors are cautioned not to place undue reliance on such forward-looking statements, which are based on facts known to us only as at the date of this Offering Memorandum. According to our management, the Bank has not made any profit forecasts for the current financial year or for the future. However, the Bank regularly informs the investment community of its financial performance or any other material event through regular or ad hoc press releases.

NO INCORPORATION OF WEBSITE

The contents of our website, or any other website referenced in this Offering Memorandum, do not form part of this Offering Memorandum.

SUMMARY

The following summary highlights information contained elsewhere in this Offering Memorandum. Because it is a summary, it does not contain all of the information you should consider before investing in the New Shares. You should carefully read this entire Offering Memorandum, including the section entitled "Risk Factors" and our financial statements, including the notes thereto, included elsewhere in this Offering Memorandum, before making an investment decision in the New Shares. Unless otherwise indicated, all financial information refers to that of the Group on a consolidated basis.

Overview

We are the largest bank in Greece as measured by assets, loans and deposits as at 31 March 2013. Outside Greece, we are active in four countries of Southeastern Europe (Albania, Romania, Bulgaria and Serbia) ("SEE"), as well as in Ukraine, Cyprus and Egypt. We also have a presence in London and Frankfurt.

We have recently significantly expanded our operations through a number of acquisitions, which have occurred in the context of the ongoing consolidation of the Greek banking sector. These transactions include the acquisition of (i) selected assets and liabilities of the Agricultural Bank of Greece S.A. (the "ATEbank Acquisition"), (ii) Geniki Bank S.A. (the "Geniki Acquisition"), the Greek subsidiary of Société Générale S.A. ("SG"), (iii) the Greek operations of three Cyprus-based banks (the "Cypriot Acquisitions"), namely Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank (the "Cypriot Banks"), and (iv) Millennium Bank S.A. ("MBG"), the Greek subsidiary of Portugal's largest bank, Banco Comercial Português, S.A. ("BCP"), which remains subject to antitrust and regulatory approvals and satisfaction of certain conditions (the "MBG Acquisition", and collectively, the "Acquisitions" in reference to the transactions, and the "Acquired Businesses" in reference to the acquired entities or assets and liabilities). As at 31 March 2013, we had €85,926.4 million, €71,868.1 million and €53,339.8 million in total assets, gross loans and advances to customers and customer deposits, respectively, and a network of 1,630 branches and 23,574 employees worldwide.

We offer a wide range of financial services to retail and corporate clients, including retail banking (with advanced electronic banking applications), corporate banking, shipping finance, investment banking, capital markets and related services, brokerage services, asset management, treasury services and other ancillary services such as real estate, bancassurance, leasing and factoring. In Greece, we are among the leading providers of banking services and credit to retail and SME customers. We are also one of the leading advisers in Greece in capital markets and investment banking, leasing and shipping finance and one of the market leaders in electronic and green banking. With the ATEbank Acquisition, we are now the leading financial provider of loans to Greek farmers, facilitating operations that are subsidised by the EU and that offer potential for deposit gathering and cross selling.

For the year ended 31 December 2012, we had total income of €2,217.3 million, which included net interest income of €1,027.5 million, net fee and commission income of €217.6 million and other operating income (which included dividend income, net trading income, net income from financial instruments designated at fair value, results from investment securities and other operating income) of €972.2 million. For the three months ended 31 March 2013, we had total net income of €3,845.4 million, which included net interest income of €314.5 million, net fee and commission income of €55.0 million and other operating income of €3,475.9 million, including €3,413.7 million of negative goodwill that we recognised in connection with the Cypriot Acquisitions. In 2012, we derived 50% of our consolidated net revenues from retail banking operations (including SMEs), 15% from corporate banking operations, 1% from investment banking operations and the remaining 34% from asset management, treasury services and other ancillary activities. At 31 March 2013, our total assets were €85,926.4 million, our loans and advances to customers (net of loan loss provisions) amounted to €60,686.5 million (of which approximately 10% were loans and advances to customers outside Greece in the countries in which we operate) and our liabilities in the form of customer deposits were €53,339.8 million (of which approximately 9% were liabilities to customers outside Greece). We had an NPL ratio of 31.4% and a NPL coverage ratio (after fair value adjustment) of 50%, and a cumulative provisions (after fair value adjustment) to gross loans ratio of 16%, as at 31 March 2013.

After consummation of all of the Acquisitions and assuming we receive the antitrust and regulatory approvals and satisfy the remaining conditions for the MBG Acquisition, we will serve 6.7 million customers through 1,750 branches worldwide, including a network of 1,306 branches in Greece and 444 foreign branches. We serve our customers in Cyprus through 14 branches (through our subsidiary

Piraeus Bank Cyprus), in Ukraine through 38 branches (through our subsidiary JSC Piraeus Bank), in Serbia through 42 branches (through our subsidiary Piraeus Bank Beograd), in Egypt through 42 branches (through our subsidiary Piraeus Bank Egypt), in Albania through 56 branches (through our subsidiary Tirana Bank), in Bulgaria through 83 branches (through our subsidiary Piraeus Bank Bulgaria) and in Romania through 167 branches (through our subsidiary Piraeus Bank Romania). We also have one branch in Frankfurt and one branch in London. Our net losses (attributable to equity holders of the parent entity) from our international operations represented 9% of our total net loss in 2012, while for the three months ended 31 March 2013 our results from international operations were marginally negative.

We have a strong track record of innovation in banking products and services. Since 2000, with the launch of our electronic banking platform, Winbank (an Internet network interfacing with our network of 2,452 Automated Teller Machines ("ATMs")), it has been our objective to develop a modern alternative channel for the delivery of banking services to our customers, which we believe can give us a competitive advantage in the market. In that regard, Winbank and our network of 387 Automatic Payment Systems ("APSs") are growing and being enhanced across our domestic and international footprint. In 2010, we launched Winbank Direct, the first online channel for the sale and delivery of banking products and services in Greece, which offers new flexible banking products that are specifically designed for the needs of online users in the Greek banking market. We have also earned significant market recognition through our promotion of banking products for the growing segment of businesses that develop and invest in environmental or "green" technologies, projects or assets, as well as agri-banking products for farmers, exporters and manufacturers of agricultural products.

We continue to improve our ongoing training, support and incentive schemes for our customer service and back-office personnel, which is a young and educated workforce with an average age of approximately 40 years on a Group-wide basis. The skills and strengths of our workforce, for which we enjoy high retention rates, are reflected in customer satisfaction surveys which indicate that we enjoy one of the highest customer satisfaction rates in the Greek banking industry.

The Ordinary Shares have been listed on the ATHEX since 1918. On 31 May 2013, the total market capitalisation of the ATHEX was €63.57 billion, the top 25 companies accounted for 85.7% of the total market capitalisation, and our market capitalisation was €228.67 million.

Purpose of the Offering

In 2012, the Bank of Greece assessed the capital needs of the Greek banking system in order to ensure minimum Core Tier I capital levels over the period 2012 to 2014 and published its report in December 2012. Our capital needs were assessed at €7,335 million (the "Initial Capital Assessment"). Following the ATEbank Acquisition and the Cypriot Acquisitions, our capital needs assessment was increased by €1,094 million to take into account our increased capital requirements relating to our acquisition of the ATEbank Acquired Business and the Cypriot Acquired Businesses. Accordingly, our total recapitalisation needs are €8,429 million.

The increased capital requirements relating to the ATEbank and Cypriot Acquisitions will be funded by the HFSF. The HFSF will provide us with a capital contribution, in the form of EFSF notes, in an aggregate principal amount of €570 million in connection with the ATEbank Acquisition in exchange for which we will issue HFSF Shares of equal value (the "Additional HFSF Offering"). The HFSF has approved and will also provide us with a further capital contribution, in the form of EFSF notes, in an aggregate principal amount of €524 million in connection with the Cypriot Acquisitions (the "HFSF Private Placement"), in exchange for which we will issue New Shares of equal value to the HFSF (the "HFSF Private Placement New Shares").

Following the assessment of the banking sector, the Bank of Greece set the terms for the sector's recapitalisation. For the four systemic banks, including us, the recapitalisation terms were set out in Law 3864/2010 and Cabinet Acts Nos. 38 and 15 and comprise three steps:

1. Bridge recapitalisation by the HFSF as an advance against the future share capital increases. To date, we have received an aggregate of €8.4 billion in advances and commitments from the HFSF, in the form of EFSF notes, including commitments to contribute €570 million for the ATEbank Acquisition and €524 million for the Cypriot Acquisitions.
2. Receiving all necessary shareholder approvals for the issuance of contingent convertible securities, with the amounts determined in accordance with the recapitalisation framework.

3. Completion of a share capital increase during the second quarter of 2013, with the HFSF acting as guarantor.

The Offering forms part of the third phase of the Bank's plan for recapitalisation (the "Recapitalisation Plan"). Under the terms of this phase of the plan, we are required to raise total capital of €7,905 million (the "Total Capital Requirement"), which is equal to the Initial Capital Assessment, as adjusted for the ATEbank Acquisition, through the issuance of New Shares, as well as contingent convertible securities (the "Contingent Convertible Securities"), if required.

The Recapitalisation Plan stipulates that private sector investor participation in our recapitalisation must constitute not less than 10% of the Total Capital Requirement raised through the issuance of Ordinary Shares (the "Ordinary Share Capital Increase") with the remaining shares to be subscribed for by the HFSF, on the basis that such shares will have restricted voting rights subject to certain conditions.

Assuming that private sector investor participation in our Recapitalisation Plan constitutes not less than 10% of the Total Capital Requirement, we will issue up to 4,185,027,000 of the New Shares to the HFSF. The HFSF will subscribe for these New Shares at the Subscription Price by making an in-kind capital contribution of EFSF notes (the "HFSF Offering"). The number of New Shares issued to the HFSF will be reduced by the number of New Shares subscribed for by private sector investors in excess of 10% of the Ordinary Share Capital Increase. The New Shares issued to the HFSF as part of the HFSF Offering and the Additional HFSF Offering are herein referred to as the "HFSF Shares".

The minimum level for private sector participation in the Ordinary Share Capital Increase is €575.5 million (the "Minimum Threshold"), below which the voting rights on the Ordinary Shares subscribed for by the HFSF would become unrestricted, resulting in the effective nationalisation of the Bank.

To the extent that private sector participation in our Ordinary Share Capital Increase exceeds the Minimum Threshold but does not reach 10% of the Initial Capital Assessment, or €733.5 million, the total amount of capital to be raised by the issuance of Ordinary Shares will be adjusted downwards such that private sector investor participation will still account for 10% of the total Ordinary Share Capital Increase (as adjusted, the "Adjusted Ordinary Share Capital Increase"), with the HFSF subscribing for the remaining Ordinary Shares based on the Adjusted Ordinary Share Capital Increase. The funding shortfall between the €7,335 million Initial Capital Assessment and the Adjusted Ordinary Share Capital Increase will be addressed through the issuance by the Bank to the HFSF of Contingent Convertible Securities, which are mandatorily convertible into our Ordinary Shares, in an aggregate principal amount equal to the difference between the Initial Capital Assessment and the Adjusted Ordinary Share Capital Increase. For further information on the Contingent Convertible Securities, please see "Description of Share Capital—Contingent Convertible Securities".

In connection with our acquisition of its Greek subsidiary, SG has agreed to participate in the Offering by applying the redemption monies received by it upon the redemption at par of our outstanding €170,304,000 1.0% senior unsecured notes towards the subscription of New Shares or securities and subject to the consummation thereof exchangeable into Ordinary Shares. In addition, BCP, in connection with the MBG Acquisition, has agreed to subscribe for New Shares with a value equal to €400 million in an issuance to be effected as a private placement of New Shares (the "BCP Private Placement") for which the pre-emptive rights of our Ordinary Shares have been waived. BCP will receive Warrants in the same proportion to other private sector investors and the New Shares to be subscribed for by BCP (the "BCP Private Placement New Shares") will have restricted voting rights. Please see "The Offering—The BCP Private Placement".

The €8,429 million recapitalisation will strengthen the Bank's capital. As at 31 March 2013, after giving effect to the recapitalisation, our total equity would have been €9,730 million and our Core Tier I ratio would have been 14.8% and our Tier I ratio would have been 14.9%, while our total capital ratio would have been 15.2%. These ratios do not include any estimated negative goodwill or risk weighted assets of MBG, as the MBG Acquisition remains subject to antitrust and regulatory approvals and satisfaction of certain conditions. Please see "Capitalisation" and see "Glossary of Selected Terms" for definitions of Equity Tier I ratio, Core Tier I ratio and Tier I ratio.

Our Competitive Strengths

We believe we have a number of competitive strengths that allow us to respond to the challenging conditions in the market and will position us well to benefit from improved market conditions in the future. These strengths include:

Leading position in the Greek banking market

We are the largest bank in the Greek market with a 28% market share in loans and a 27% market share in deposits as at 31 March 2013. As at 31 March 2013, our Greek operations had €54.4 billion in net loans (90% of the Group's total), €48.7 billion in deposits (91% of the Group's total) and, for the first quarter of 2013, €111 million in pre-provision earnings (66% of the Group's total). As at 31 March 2013, we had the largest distribution network in Greece, with 1,186 branches, compared to the next largest competitor with 733 branches, and had approximately 5.3 million customers. We believe this footprint will allow us to compete for deposits and lending opportunities more effectively, and from a position of competitive strength. From 30 June 2012 to 31 March 2013, we increased our deposits by €33.8 billion, largely through the integration of the ATEbank Acquired Business, Geniki Bank S.A., the Cypriot Acquired Businesses, while at the same time improving the composition of our deposit portfolio with time and sight deposits amounting to 40% of our total deposits as at 31 March 2013 from 35% in June 2012.

Over the last several years, the Greek banking sector has experienced a period of significant consolidation, going from a fragmented market with four large banks and a large number of small banks each controlling between 1% and 7% of the market for loans and deposits as at 31 March 2012 to four systemic banks with a combined 84% of the loan market as at 31 December 2012 and fewer smaller market participants. The consolidation of the Greek banking market is expected to lead to increased efficiency and lower deposit costs, which we expect will be beneficial to us.

Attractive customer base and leading provider of financial services to business and agricultural customers in Greece

Our SME customer base in Greece prior to the Acquisitions comprised approximately 125,000 businesses and our loan exposure to this customer group is primarily to medium-sized companies with more conservative risk profiles compared to small businesses. The provision of credit and other banking services to SMEs has consistently been the principal focus of our commercial banking activities for almost two decades. With our branch network and our specialised Business Centres throughout Greece, we serve our SME customers with credit products and other services tailored to their individual needs. We do not have a significant concentration of SME loans to any specific industry and our SME loan portfolio is geographically diversified.

Our leading market position among larger entities in the SME sector gives us several competitive advantages including significant opportunities for cross-selling products and services and, given the general short term maturity profile of our SME loans, the opportunity to re-price our loans more quickly. Our SME customers have enhanced the overall quality and profitability of our loan book as they generally have conservative financing profiles.

We also believe that the recovery of the Greek economy will be supported by the agricultural sector, and our presence in this sector should provide opportunities for growth. Through the ATEbank Acquisition, we now have banking relationships with over 700,000 agricultural sector customers in Greece that offer potential for deposit gathering and cross selling, which has provided us with an opportunity to be the leading Greek bank in this sector.

Capital position with buffer above the Bank of Greece's 9% Core Tier I ratio target

As at 31 March 2013 and after taking into account the €8,429 million recapitalisation, but excluding the MBG Acquisition, the Group had Core Tier I capital of €8.6 billion and a Core Tier I ratio of 14.8%. The Core Tier I capital represented a capital buffer of approximately €3.4 billion compared to the Bank of Greece's Core Tier I ratio target of 9%. The implementation of the Basel Committee on Banking Supervision rules ("Basel III") is expected to have a limited effect on our capital ratios and relate primarily to the treatment of preference shares as well as deductions in respect of the deferred tax assets deriving from the PSI.

Diversified funding structure and robust liquidity position with reduced reliance on Eurosystem funding

We have a diversified funding structure, predominately consisting of customer deposits, which represented 62% of total liabilities as at 31 March 2013. Our customer deposits amounted to €53.3 billion, €48.7 billion of which was in Greece, as at 31 March 2013 and positions the Group as the market leader in Greece with a 27% market share. Our deposit portfolio has benefited significantly from the ATEbank Acquired Business' low cost deposit base and the Cypriot Acquired Businesses' large customer deposit base, with core (sight and savings) deposits representing 37% of our total deposits as at 31 March 2013 (40% of our total deposits in Greece), compared to an average of 33% for the Greek market. Our loan-to-deposit ratio as at 31 March 2013 was 114%, which was one of the lowest among the Greek banks.

Our utilisation of Eurosystem funding decreased significantly in the first quarter of 2013, driven by an increase in deposits, Greek Treasury Bill repayments and new interbank repo transactions. Eurosystem funding support for us was at €21.2 billion as at 31 March 2013, compared to €31.6 billion as at 31 December 2012. The interbank repo market has also recently re-emerged as a source of funding, representing 6% of our total assets (€6 billion) as at 31 March 2013. Repo funding is expected to partially replace Eurosystem funding following the recapitalisation through the use of EFSF notes received in connection with the ATEbank Acquisition and our recapitalisation. We have access to additional funding sources if required, including €10 billion of unutilised Eurosystem eligible collateral.

Resilient stand-alone pre-provision earnings generation with further medium term upside potential stemming from synergy benefits

Despite adverse economic and credit market conditions in Greece, and to a lesser extent the other markets in which we operate, our pre-provision income has shown resilience. Profit before provisions, impairments and income tax (adjusted for share of profit of associates) was €1,323 million for the year ended 31 December 2012, although this amount reflected several non-recurring items including an estimated €409 million additional costs related to ELA vs. ECB funding, €351 million of negative goodwill related to Geniki Bank S.A. and €394 million gain related to the Buy-Back Programme. We had profit before provisions, impairments and income tax (adjusted for share of profit of associates) of €3,582 million for the three months ended 31 March 2013 (including €3,414 million of negative goodwill in relation to the Cypriot Acquisitions).

Profit before provisions, impairments and income tax (adjusted for share of profit of associates) is expected to benefit from funding cost improvements, as we regained access to ECB funding in mid-January 2013, which has substantially reduced our reliance on the more expensive ELA funding, and an expected gradual reduction in deposit spreads. We expect to derive significant synergies in connection with the Acquisitions, which we estimate, on a fully phased, pre-tax basis to be approximately €547 million per annum beginning three years from the Acquisitions. These synergies, which are expected to enhance our ability to generate pre-provision earnings, are anticipated to be driven mainly by cost savings, both operational (branch and personnel optimisation and elimination of overlapping infrastructure) and funding (mainly through reduced time deposit spreads as deposit spreads of the Acquired Businesses move closer to the level of Piraeus deposit spreads), as well as limited revenue synergies.

Diversified and adequately provisioned loan book underpinned by strong risk management policy

We have a conservative and disciplined credit culture. We believe that we have an effective system of internal controls that is adequate for the size and complexity of our business and that it is supported by a modern and efficient IT and debt collection platform. Moreover, we regularly monitor the effectiveness of our risk management process, including board and senior management oversight, to identify, monitor and control or mitigate material risks relating to our operations, including loan approval processes and other types of asset formation throughout the Bank.

Our loan portfolio is well diversified between business loans after provisions of €39.4 billion and retail loans after provisions of €21.3 billion as at 31 March 2013. Additionally, we have limited exposure to non-collateralised SME loans, no material exposure to point-of-sale consumer finance and a mortgage portfolio with an average loan-to-value ratio of 65% as at 31 December 2012.

The ratio of non-performing loans to total gross loans as at 31 March 2013 was 31.4% and 26% excluding the Cypriot Acquisitions, compared to 24% as at 31 December 2012. We believe our loan

portfolio has been adequately provisioned, with a cumulative provisions (after fair value adjustment) to non-performing loans ratio of 50% as at 31 March 2013, translating into a cumulative provisions (after fair value adjustment) to gross loans ratio of 16%. In addition to cash provisions, we have, where possible, sought to receive collateral from our customers.

Based on the diagnostic assessment conducted by BlackRock Financial Management Inc. ("BlackRock") on the domestic loan portfolios of Greek banks (the "BlackRock Diagnostic Assessment"), the gross credit loss projections over the June 2011 to June 2014 period divided by the loan balance for the Bank was the lowest amongst the four systemic banks on a life of portfolio basis under either the baseline or the adverse scenario contemplated by the assessment. Additionally, we have recorded during the past 21 months the amount of total provisions projected by BlackRock over a three-year horizon under the adverse scenario. On a stand-alone parent entity level (excluding the Acquired Businesses), we had a cumulative provisions (after fair value adjustment) to gross loans ratio of 16% as at 31 March 2013, already beyond the level of the BlackRock three-year adverse scenario (15.3% estimated credit losses).

Strong collection process

We have been able to mitigate some of the adverse impacts of the severe economic contraction in Greece over the last few years due to our collection process. In retail banking, we have focused on providing realistic restructuring solutions and payment arrangements to distressed customers, particularly the increasing number of customers who have lost their job or experienced income reductions. Given our level of non-performing loans, a strong collection process will continue to be very important in order to manage our non-performing loan exposure, minimise our credit losses and preserve our capital.

Experienced management team

Our management team consists of a number of individuals with significant banking experience. Most of the core management team has remained intact since the 1990s, while executives with other significant experience have joined our senior management team, which has added strength and depth.

We believe that our management team has demonstrated its ability to successfully lead us through the various economical and sector cycles not only in its day to day activities, but also in executing integration processes (more than 20 acquisitions in the last 20 years). More recently, our management team has again demonstrated its leadership in pursuing and executing strategic initiatives, which has resulted in us now being the largest bank in Greece as measured by assets, loans and deposits. We believe our management team has developed the strategic experience in selecting targets with significant benefits for the Group and integrating new operations effectively. In addition to growing our business and leading us through the recent financial turmoil, our senior management team has a proven track record of innovation in banking products and services.

Established regional platform offering earnings diversification

Our leading domestic market position is complemented by an international presence in nine countries outside Greece, including operations in four countries of SEE (Albania, Romania, Bulgaria and Serbia) as well as in Ukraine, Cyprus and Egypt. We also have one branch in Frankfurt and one branch in London. Our international operations include a wide range of traditional commercial banking services such as extension of commercial and retail credit, trade financing, foreign exchange and the taking of deposits. This product offering is complemented with recognised specialised financial services expertise in leasing, real estate and insurance and helps enlarge our client base in these international markets.

We serve 1.2 million customers outside Greece through 444 foreign branches. As at 31 March 2013, our international operations had €6.3 billion in total net loans after provisions (approximately 10% of the Group's total), €4.6 billion in customer deposits (approximately 9% of the Group's total), and for the first quarter 2013 €58 million in pre-provision income (approximately 34% of the Group's total).

Our Strategy

We seek to participate in the reconstruction of the Greek economy, by financing creditworthy investment plans, providing liquidity to businesses and households and protecting the savings that our customers have entrusted to us.

Through the capital enhancement provided by the Recapitalisation Plan, as well as our expansion through the Acquisitions, we have established ourselves as a well-capitalised credit institution and the leader in the Greek banking market.

Our strategic priorities are to:

- maintain our leading position in the Greek market and operate a well-established branch network in SEE;
- be the bank of choice for SMEs in Greece and one of the principal banks for medium-sized businesses, professionals and consumers in all of the countries in which we operate;
- be among the leaders in selected markets in which we have a product and geographical presence, further developing products and services that present us with business opportunities, with an emphasis on agri-banking, green banking and online banking;
- provide a service of high quality to our customers, with an emphasis on integrated service and innovation;
- manage our international activities, so that they are self-financed, profitable and independently capitalised;
- deliver the expected cost and income synergies from the Acquisitions by fully integrating the businesses and companies that we acquired to the advantage of shareholders, customers and employees;
- maintain our significant position in technological developments in financial services and electronic banking applications;
- maintain and enhance a business environment where our employees can realise their full potential and ensure their commitment to achieving excellent results;
- contribute to the economic recovery of Greece, through providing banking services to households and businesses and financing projects that contribute to sustainable economic growth; and
- combine profitability with corporate and social responsibility.

In the medium term, we have adapted our strategy to overcome the current economic conditions in Greece and the significant market volatility and have set the following priorities:

Capital enhancement

We intend to strengthen our Core Tier I ratio through the Recapitalisation Plan, which, we expect, will include a capital increase in the amount of €8,429 million.

The proposed capital increase is intended to strengthen our position and capital adequacy indicators in view of the current macroeconomic conditions and the increasingly rigorous regulatory framework applicable to us.

Efficient integration of acquired businesses

Efficient integration of the businesses and companies that we have recently acquired is a strategic objective of primary importance, both to ensure the financial position of the new Group through effective risk management, and to ensure that we achieve the expected cost and income synergies. Having acquired approximately 20 other banks and businesses in the last 20 years, we believe our extensive experience in integrating target banks and businesses will ensure the seamless integration of the Acquisitions, thereby providing us with a further comparative advantage. Integration of the ATEbank Acquired Business into our operations is nearly complete, and we have begun the integration process of the Cypriot Acquired Businesses, which is expected to be completed by mid-year 2014. We expect to begin the integration process of MBG upon consummation of the MBG Acquisition.

Strengthen our balance sheet

Our main priority is to further strengthen our balance sheet with:

- high-quality assets;
- an appropriate funding mix for our operations;
- a diversified deposit base with a low degree of depositor concentration; and
- an optimal capital structure offering flexibility to respond to market developments.

We manage our balance sheet both in terms of size and quality, aiming to maintain a flexible asset and liability base. We are pursuing this Offering to, among other things, strengthen and consolidate our capital position and to ready the Bank to play an important role in the rehabilitation of the Greek economy.

Safeguard asset quality and loan diversification

In response to the economic crisis, particularly in Greece, we have applied more stringent criteria for loans and advances (including avoiding high-risk clients, engaging in the intensive management of credit exposures, focusing on fully secured, low loan-to-value mortgages and minimising unsecured consumer financing exposure), which is a policy that is supported by the credit culture of our senior management team, as well as by our advanced and strong risk management systems.

We are committed to maintaining the diversity of our assets both across segments and geographically. As at 31 March 2013, 10.2% of total gross loans to customers were made through our international operations, and as of such date business loans accounted for 66.3% of total gross loans, mortgage loans accounted for 23.3% of total gross loans and consumer loans accounted for 10.3% of total gross loans. We expect to maintain the diversity of our loan book.

Preserve sources of funding and adequate liquidity

We seek to attract new deposits through our branch network in Greece (the largest bank branch network in Greece as at 31 March 2013) and in the international markets in which we operate. At the same time, having adjusted our operations and policies to the prevailing conditions and the liquidity constraints, our policy in our international operations is to grow our deposit base faster than our loan portfolio. We also seek to improve our liquidity by exploring other sources of funding (e.g. interbank financing with underlying collateral in the form of notes issued by the EFSF) and by participation in the liquidity enhancement programme for Greek banks. We expect gradual expansion in our use of the interbank market in the medium term, as it is reopened to Greek banks, which will allow us to reduce our exposure to the refinancing mechanisms of the European Central Bank. Our ability to gradually reduce the cost of deposits, subject to market controls, is also a priority in this regard.

Manage operating costs

A significant reduction in operating costs has been an important strategic objective, since the onset of the crisis. In this context, we have implemented specific actions for the reduction of our operating costs, such as centralising various activities, rationalising advertising and promotional costs, simplifying procedures, re-examining all of our contractual relationships with our suppliers and external advisers, decreasing remuneration of personnel, as well as the appointment of existing employees to vacant positions through internal transfers. The cost synergies that we expect to achieve with the businesses that we have recently acquired in Greece may provide a particularly significant contribution to our profitability.

Recent Developments

On 29 May 2013, and in accordance with the decisions of the Second Iterative General Meeting of the Bank's shareholders dated 23 April 2013, a meeting of the holder of the Special Preference Share dated 23 May 2013 and the relevant authorisations, our board of directors resolved to reduce the number of the Bank's outstanding Ordinary Shares from 1,143,326,564 to 114,332,657 in a 10-for-1 reverse stock split, resulting in an increase in the nominal value of each Ordinary Share from €0.30 to €3.00. The Board of Directors further resolved to increase our share capital by capitalising part of the Bank's reserves for the purpose of eliminating fractions of shares and to create a special reserve of

€308,698,173.90 through the reduction of the Bank's share capital by reversing the increase in the nominal value of the Ordinary Shares from €3.00 to €0.30 without changing the post-reverse split number of Ordinary Shares of 114,332,657.

On 13 May 2013, we launched a tender offer in which we invited (a) holders of the outstanding €200,000,000 Series A Floating Rate Non-Cumulative Guaranteed Non-Voting Preferred Securities of Piraeus Group Capital Limited (the "Preferred Securities"), and (b) holders of the outstanding €400,000,000 Subordinated Callable Step-up Floating Rate Notes due 2016 of Piraeus Group Finance PLC (the "Lower Tier II Notes") to tender their Preferred Securities and/or Lower Tier II Notes for cash. The tender offer expired on 24 May 2013 and, on 28 May 2013, the Bank announced that it would accept for purchase €40 million of Preferred Securities and €26 million aggregate nominal amount of Lower Tier II Notes. The purpose of the tender offer was to optimise our regulatory capital structure while enhancing Core Tier I capital for the Group and resulted in an increase in our Core Tier I capital of €37 million on a pre-tax basis.

Risk Factors

An investment in the New Shares involves significant risks, including: (i) risks relating to the Hellenic Republic's economic crisis and resultant adverse economic developments and uncertainty in Greece; severe restrictions on our ability to obtain funding in the capital markets; dependency, to a large extent, on the ECB for funding; a material decrease in funds available to use from customer deposits; insufficient capital resources; additional regulatory supervision and burdens; being subject to stress testing; the imposition of additional taxes; and deteriorating asset valuations resulting from poor market conditions; (ii) risks related to our operations outside of the Hellenic Republic, such as additional risks associated with conducting operations in emerging markets and political and economic developments in our non-Greek operations that could adversely affect our operations; (iii) risks relating to our business, such as the negative effects of the global economy and instability in the global financial markets on our businesses, earnings and financial condition; the negative impact of NPLs on our operations; our exposure to credit risk, market risk, operational risk and liquidity risk; being subject to increasingly onerous and complex regulation; and a possible increase in our capital adequacy requirements as a result of changes in legislation; (iv) risks related to the markets, such as volatility in our share price and exchange rate fluctuations; and (v) risks related to the Offering, such as a decline in the price of the Ordinary Shares, dilution of existing ordinary shareholders, the eventuality of the issuance of Contingent Convertible Securities and the possibility that a trading market for the Rights may not develop.

For a complete description of the risks, see "Risk Factors" beginning on page 31.

Company Information

The Bank was incorporated in Greece on 6 July 1916 pursuant to the laws of the Hellenic Republic and is presently operating as a credit institution in the form of a *société anonyme* under Law 2190/1920 and Law 3601/2007, in each case as in force. The Bank was put under state control in 1975 and reverted to private ownership in 1991. The Bank's Ordinary Shares were listed on the ATHEX in 1918. Today, the Bank is the principal operating company of the Group and the direct or indirect parent company of the operating subsidiaries in our Group.

The Bank is a company limited by shares with the legal name "Piraeus Bank Société Anonyme". The Bank's commercial name is Piraeus Bank. The duration of the Bank, as determined by our Articles of Association, has been extended until 6 July 2099.

The Bank is registered in Greece (number 225501000) and has its registered office at 4 Amerikis Street, 105 64 Athens, Greece. The telephone number of the Bank is +30 210 333 5000. Our website is http://www.piraeusbankgroup.com. This website address is included in this Offering Memorandum as an inactive textual reference only. The information and other content appearing on our website are not part of this Offering Memorandum.

THE OFFERING

The Offering	Capital increase of €7,905 million in the form of the Rights Offering, the Oversubscription, the Institutional Offering, the HFSF Offering, the Additional HFSF Offering and the BCP Private Placement.
The Rights Offering	The offering by the Bank of the Rights Offering New Shares on a pro rata basis to shareholders of record as of the Record Date.
The Oversubscription	The subscription by holders of Rights for Rights Offering New Shares that are not subscribed for by other holders of Rights.
The Institutional Offering	The offering of Remaining Rights Offering New Shares (but excluding the HFSF Offering).
The HFSF Offering	The offering of HFSF Shares to the HFSF (but excluding the Additional HFSF Offering and the HFSF Private Placement)
The Additional HFSF Offering	The offering of HFSF Shares with a value equal to €570 million to the HFSF to assist us in meeting our capital needs arising out of the ATEbank Acquisition.
The BCP Private Placement	Subject to the completion of the MBG Acquisition, the subscription by BCP for Ordinary Shares with a value equal to €400 million for which the pre-emptive rights of existing holders of Ordinary Shares have been waived. BCP has agreed to receive restricted voting rights for the New Shares it will acquire in the Offering. In the event that the conditions to BCP's subscription obligation are not satisfied, the Ordinary Shares for which pre-emptive rights of existing holders have been waived are expected to be sold through a private placement or allocated to investors as resolved by our Board of Directors.
The HFSF Private Placement	Capital increase of €524 million through the subscription by the HFSF, in a private placement, for Ordinary Shares (the "HFSF Private Placement New Shares") concurrently with the Offering, to assist us in meeting our capital needs arising out of the Cypriot Acquisitions.
Total Recapitalisation Amount	€8,429 million
The New Shares	The Rights Offering New Shares (including any Rights Offering New Shares subscribed for through the Oversubscription), the Remaining Rights Offering New Shares, the HFSF Shares, the HFSF Private Placement New Shares and the BCP Private Placement New Shares.
Offered Securities	The Rights, New Shares and Warrants.
Number of Ordinary Shares outstanding prior to the Offering and the HFSF Private Placement	114,332,657 Ordinary Shares.
Total number of Rights Offering New Shares offered in the Offering	Up to 4,079,411,764 Rights Offering New Shares. The HFSF Shares shall be subscribed for at the Subscription Price by the HFSF making an in-kind contribution to the share capital of the Bank of notes issued by the EFSF. The number of New Shares issued to the HFSF will be reduced by the number of New Shares subscribed for by private sector investors in excess of 10% of the Ordinary Share Capital Increase.

Number of HFSF Shares in the Additional HFSF Offering	Up to 335,294,117 New Shares, or New Shares with a value equal to €570 million, will be issued to the HFSF for an in-kind capital contribution in the form of EFSF Notes.
Number of BCP Private Placement New Shares	Up to 235,294,117 New Shares, or New Shares with a value equal to €400 million for which the pre-emptive rights of existing holders of our Ordinary Shares have been waived will be issued to BCP. In the event that the conditions to BCP's subscription obligation are not satisfied, the Ordinary Shares for which pre-emptive rights of existing holders have been waived are expected to be sold through a private placement or allocated to investors as resolved by our Board of Directors.
Number of HFSF Private Placement New Shares	Up to 308,235,294 New Shares, or New Shares with a total value of €524 million will be issued to the HFSF in exchange for an in-kind capital contribution in the form of EFSF notes. In accordance with article 68 of law 4150/2013, the number of HFSF Private Placement New Shares issued to the HFSF will not count towards the assessments of whether we have raised enough capital to meet the Minimum Threshold and to avoid the need to issue Contingent Capital Securities.
Total number of New Shares offered in the Offering and the HFSF Private Placement	4,958,235,292 New Shares.
Number of Ordinary Shares outstanding after the Offering and the HFSF Private Placement	5,072,567,949 Ordinary Shares.
Number of HFSF Shares offered in the Offering	Up to 4,185,027,000 New Shares, assuming that private sector investor participation in our recapitalisation plan constitutes not less than 10% of the Total Capital Requirement.
Subscription price	€1.70 per Rights Offering New Share.
Number of HFSF Shares per Warrant	A maximum of 9.99 HFSF Shares per Warrant.
Listing and trading of New Shares	The Ordinary Shares are listed on the securities market of the ATHEX under symbol "TPEIR". On 31 May 2013, the closing price of the Ordinary Shares on the ATHEX was €0.20 per Ordinary Share, before giving effect to the 10-for-1 reverse stock split. See "Summary—Recent Developments". The New Shares being offered are expected to be listed and traded on the ATHEX on or about 5 July 2013.
Delivery of New Shares	It is expected that the New Shares will be delivered to subscribers in Athens on or about 4 July 2013, and will be accepted for delivery through the facilities of HELEX. See "Securities Trading in Greece" for a more detailed discussion of the settlement arrangements of HELEX.
Ordinary Share Security Number	ISIN: GRS 01401 3007.

Warrants	The HFSF will issue warrants to each private sector investor participating in the Offering, including to BCP and SG. For each New Share subscribed for by a private sector investor in the Offering, the HFSF will issue one Warrant granting the right to acquire up to a certain number of our Ordinary Shares held by the HFSF. The number of Ordinary Shares which may be acquired upon the exercise of a Warrant is determined pursuant to the following formula: X=A/B, where X is the number of Ordinary Shares attributable to each Warrant; A is the total number of New Shares acquired by the HFSF under the HFSF Offering and the Additional HFSF Offering; and B is the total number of New Shares acquired by private investors under the Offering. The Warrants will be exercisable every six months beginning six months from the date of issue, but will automatically lapse if they remain unexercised after 54 months. The Warrants will be listed separately on the ATHEX and will carry a strike price equal to the Subscription Price plus interest accruing at 4% in the first year after issuance with a 1% step-up thereafter. For further information on the Warrants, please see "The Offering—Warrants".
Listing of the Warrants	An application shall be made by the Bank for the separate listing of the Warrants on the ATHEX, at the same time as the listing of the New Shares. The Warrants will be listed under a symbol to be announced by the Bank prior to the listing of the Warrants on the ATHEX. The Warrants are expected to be admitted for trading on the ATHEX on or about 3 July 2013. There is currently no established public trading market for the Warrants, and we cannot guarantee that an active market for the Warrants will develop in the future.
Delivery of the Warrants	We expect that the Warrants will be delivered to investors through the facilities of the HELEX, at the same time as the New Shares, on or around 4 July 2013. The Warrants will be credited to the same investors and operators accounts kept with the Dematerialised Securities System ("DSS") as the New Shares. The investors will be under no obligation to follow a specific procedure in order to be designated as beneficiaries of the Warrants. For a more detailed discussion of settlement arrangements of the HELEX, please see "Securities Trading in Greece". Delivery of the Warrants shall be at no cost to the investors. Trading in the Warrants on the ATHEX is expected to commence on or around 5 July 2013.
Use of proceeds	The proceeds from the Offering will be used to strengthen our capital and our capital adequacy ratios. See "Use of Proceeds".

Dividends	New Shares will be entitled to the full amount of any dividend declared after their respective issue dates in respect of the financial year 2013 onwards provided the relevant record date falls on or after the relevant issue date. However, as a result of our participation in the plan introduced by the Hellenic Republic to strengthen the liquidity of the Greek banking sector and economy (the "Hellenic Republic Bank Support Plan"), we did not pay cash dividends to our ordinary shareholders in 2012 and 2011 in relation to the years ended 31 December 2011 and 2010, respectively, and, as long as we continue to participate in the Hellenic Republic Bank Support Plan, or if we issue New Shares to the HFSF or if are required to issue Contingent Convertible Securities to the HFSF, for so long as such securities are outstanding, we may be prohibited from paying cash dividends to our ordinary shareholders or we may be allowed to pay only the minimum dividend allowed under Greek corporate law. For information on the dividend policy of the Bank, see "Dividends and Dividend Policy".
Rights	Holders of Ordinary Shares will receive one Right for every Ordinary Share that they own on the Record Date. Subject to compliance with applicable securities laws, Rights will be freely transferable and traded on the ATHEX as at the commencement of the Rights trading period. Each holder of Rights (which term shall include both the holders of Ordinary Shares and transferees of Rights) will be entitled to subscribe for 35.680197 Rights Offering New Shares for every Right held. In addition, holders of the Rights (whether holders of Ordinary Shares or transferees of Rights) will have the right to subscribe for any Rights Offering New Shares that are not subscribed for by other holders of Rights (the "Oversubscription Right") at the Subscription Price. Applications for Rights Offering New Shares pursuant to the Oversubscription Right must be made together with subscriptions for Rights Offering New Shares pursuant to the exercise of Rights. No fractional shares will be issued upon exercise of Rights.
Allocation in the Oversubscription Rights Offering	Oversubscription Rights will be satisfied at the discretion of our board of directors and for a number of unsubscribed Rights Offering New Shares determined by our board of directors.
Institutional Offering	Any remaining Rights Offering New Shares that are not subscribed for pursuant to the Rights Offering, the Oversubscription and the BCP Private Placement may be offered in Greece, to eligible investors outside the United States in offshore transactions in reliance on Regulation S and/or within the United States only to QIBs in reliance upon an exemption from the registration requirements of the Securities Act at the Institutional Offering Price, subject to certain conditions, provided that the Institutional Offering Price shall not be less than the Subscription Price. Any Remaining Rights Offering New Shares that are not allocated to eligible investors will become part of the HFSF Shares and will be subscribed for by the HFSF at the Subscription Price.
Cum-Rights Date	The Ordinary Shares are expected to trade with Rights on the ATHEX until 4 June 2013, which shall be the last day that the Ordinary Shares trade with Rights on the ATHEX.
Ex-Rights Date	The Ex-Rights Date for the Ordinary Shares is expected to be 5 June 2013. The Ordinary Shares will trade on the ATHEX without any Rights on and after that date and at a new par value following the 10-for-1 reverse split.

Record Date	The "Record Date" for the purpose of determining entitlement to Rights is expected to be 7 June 2013. At the start of business on 7 June 2013, the Rights will be credited through HELEX to the accounts of holders of Ordinary Shares on the Record Date.
Subscription Period	From 11 June 2013 to 25 June 2013.
Offer Restrictions	The Offering is only addressed to persons to whom it may lawfully be addressed. The distribution of this Offering Memorandum, the exercise of any of the Rights and the offer and sale of the Offered Securities, may be restricted by law. Persons into whose possession this Offering Memorandum comes or who wish to exercise any of the Rights must inform themselves about and observe any such restrictions. Any failure to comply with any of those restrictions may constitute a violation of applicable securities laws. In particular, due to the restrictions under the securities laws of certain countries, shareholders resident in such countries, including the United States, Canada, Australia, Japan and South Africa, may not exercise Rights in such countries. None of the Offered Securities have been or will be registered under the Securities Act or any state securities laws. Accordingly, the Rights may not be exercised and the New Shares and the Warrants may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each person who exercises any Rights outside the United States will be deemed to represent and warrant that it can lawfully subscribe for the New Shares, and that (i) it is, and the person, if any, for whose account or benefit it is acquiring such New Shares is, outside the United States, (ii) it is acquiring the New Shares in an offshore transaction meeting the requirements of Regulation S and (iii) it is aware that the New Shares have not been and will not be registered under the Securities Act and are being distributed and offered outside the United States in reliance on Regulation S. Further, each investor exercising any Rights shall be deemed to acknowledge and agree that we, our affiliates and others may rely upon the truth and accuracy of the foregoing representation and warranty. The Bank reserves the right to allow investors to participate in the Rights Offering on a private placement basis.
Transfer of Rights	Subject to compliance with relevant securities laws, the Rights will be freely transferable and are expected to trade on the ATHEX from 11 June 2013 to 18 June 2013.
Exercise of Rights	Each holder of Rights may exercise all or only part of its Rights, and may elect to exercise its rights in the Oversubscription subject to final allocation by the Board. Each holder of Rights can subscribe for New Shares pursuant to the exercise of Rights by delivering a duly executed subscription form to an authorised financial intermediary or by any other means approved by such authorised financial intermediary with whom the subscription is made. Subscription forms will be available during the subscription period at any of our branches in Greece. Subscriptions must be received prior to 14:30 (Athens time) on 25 June 2013.
Unexercised Rights	Rights that are not exercised prior to the end of the subscription period will expire valueless without compensation.

Expected timetable . . . . . .

Action	Date
HCMC Approval of Greek Prospectus	3 June 2013
Cum-Rights Date	4 June 2013
Ex-Rights Date	5 June 2013
Record Date for the Rights Offering	7 June 2013
Commencement of the Subscription Period .	11 June 2013
Trading of the Rights on the ATHEX	From 11 June 2013 to 18 June 2013
End of the Subscription Period	25 June 2013
Expected date for commencement of trading of the New Shares on the ATHEX	5 July 2013
Expected date for commencement of trading of the Warrants on the ATHEX	5 July 2013

The specific dates set out above and throughout this Offering Memorandum are indicative only. The Bank cannot assure investors that the indicated actions will occur on the cited dates or at all.

Withdrawal Rights . . . . . If we do not succeed in raising the €575.5 million Minimum Threshold from private sector investors, including through the BCP and SG subscriptions of Ordinary Shares, the Rights Offering, the Oversubscription and the Institutional Offering, we will prepare and distribute a supplement to this Offering Memorandum, following which private sector investors subscribing for New Shares will be entitled to withdraw their subscription within two business days from publication of the Supplement.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The summary financial and other information provided below has been derived from our consolidated financial statements as at and for the years ended 31 December 2012, 2011 and 2010, which have been prepared in accordance with IFRS and audited by PricewaterhouseCoopers S.A., and our unaudited consolidated financial statements as at and for the three-month periods ended 31 March 2013 and 2012, which have been prepared in accordance with IAS 34. You should read the selected financial and other information along with "Operating and Financial Review and Prospects" and our consolidated financial statements included elsewhere in this Offering Memorandum.

The summary financial and other information provided below as of and for the year ended 31 December 2012 and as of and for the three months ended 31 March 2013 include the contributions of certain of the Acquisitions, as follows:

- our financial condition and results of operations as of and for the year ended 31 December 2012 include the ATEbank Acquired Business, which was consolidated as of 28 July 2012, and Geniki Bank S.A., which was consolidated as of 15 December 2012; and
- our financial condition and results of operations as of and for the three months ended 31 March 2013 include the Cypriot Acquired Businesses, which was consolidated as of 26 March 2013, as well as the ATEbank Acquired Business and Geniki Bank S.A., which we consolidated in the second half of 2012.

Consolidated Statement of Income Data

(€ in millions)	Year ended 31 December			Three months ended 31 March	
	2010[1]	2011	2012	2012	2013
				(Unaudited)	
Net interest income	1,187.9	1,172.6	1,027.5	235.2	314.5
Net fee and commission income	188.3	197.8	217.6	45.8	55.0
Other operating income[2]	100.4	(148.2)	972.2	113.3	62.2
Negative goodwill due to the acquisition of assets and liabilities of Cypriot banks' network in Greece	—	—	—	—	3,413.7
Total net income	1,476.6	1,222.2	2,217.3	394.3	3,845.4
Staff costs	(389.9)	(389.6)	(424.0)	(84.6)	(148.6)
Other operating expenses[3]	(447.5)	(433.8)	(485.5)	(93.2)	(115.1)
Total operating expenses before provisions	(837.4)	(823.4)	(909.5)	(177.7)	(263.7)
Impairment losses on loans, debt securities and other receivables	(568.5)	(3,828.1)	(2,057.2)	(294.4)	(505.1)
Impairment on investment securities	(10.4)	(3,964.7)	(391.1)	(312.9)	(0.4)
Other provisions and impairment	(6.5)	(90.9)	(59.6)	(0.3)	(0.7)
Share of profit of associates	(3.7)	(31.3)	14.7	(1.4)	1.8
Profit/loss before income tax	50.1	(7,516.2)	(1,185.4)	(392.3)	3,077.3
Income tax expense	(5.1)	894.1	663.1	436.1	537.4
Tax contribution	(24.6)	—	—	—	—
Profit/(loss) after tax from continuing operations	20.4	(6,622.0)	(522.3)	43.7	3,614.7
Profit/(loss) after income tax from discontinued operations	(41.6)	3.9	13.0	1.2	12.2
Profit/(loss) after tax	(21.2)	(6,618.1)	(509.2)	45.0	3,626.9
From continuing operations:					
Profit/(loss) for the year/period attributable to equity holders of the parent entity	20.1	(6,617.2)	(513.3)	45.8	3,616.7
Non-controlling interest	0.3	(4.8)	(9.0)	(2.1)	(1.9)
From discontinued operations:					
Profit/(loss) for the year/period attributable to equity holders of the parent entity	(40.6)	3.8	13.0	1.2	12.2
Non-controlling interest	(1.0)	0.1	0.0	0.0	0.0
Earnings/(losses) per share attributable to equity holders of the parent entity (in euros):					
From continuing operations:					
Basic and diluted	0.3171	(61.1602)	(4.4909)	0.4011	31.6349
From discontinued operations:					
Basic and diluted	(0.640)	0.035	0.1135	0.0106	0.1065

(1) The consolidated statement of income data provided in this table for 2010 are derived from the 2010 financial information provided for comparative purposes in the 2011 audited consolidated income statements included elsewhere in this Offering Memorandum. This information differs from the income statement data provided in our 2010 audited consolidated statement of income due to required changes in the presentation of Marathon Banking Corporation as discontinued operations; the transfer of the Piraeus Bank Egypt Group from discontinued operations to ongoing operations; changes in our earnings per share resulting from the share capital increase and the non-payment of dividends for preference shares; and a reclassification of funds in the amount of €10.4 million from Investment Portfolio Securities to Provisions and Impairment.

(2) Other operating income includes: i) Dividend income; ii) Net trading income; iii) Net income from financial instruments designated at fair value through profit or loss; iv) Results from investment securities; and v) Other operating income.

(3) Other operating expenses include: i) Administrative expenses; ii) Depreciation and amortisation; and iii) Gains/(Losses) from sale of assets.

Consolidated Balance Sheet Data

(€ in millions)	As at 31 December			As at 31 March
	2010[1]	2011	2012	2013
				(Unaudited)
ASSETS				
Cash and balances with Central Banks	2,993.3	2,552.7	3,307.5	3,275.2
Loans and advances to credit institutions	1,476.9	316.1	380.4	477.6
Loans and advances to customers (net of provisions)	37,638.1	34,005.6	44,612.7	60,686.5
Other assets[2]	15,453.1	11,320.6	21,728.4	21,133.1
Assets from discontinued operations	—	1,157.2	377.2	353.9
Total assets	57,561.3	49,352.3	70,406.2	85,926.4
LIABILITIES				
Due to credit institutions	19,930.3	25,413.6	32,561.3	28,105.3
Due to customers	29,475.0	21,795.7	36,971.2	53,339.8
Hybrid capital and other borrowed funds	510.4	499.0	324.1	322.4
Other liabilities[3]	4,371.9	2,576.6	2,259.2	2,259.9
Liabilities from discontinued operations	—	1,007.3	605.8	598.1
Total liabilities	54,287.6	51,292.2	72,721.7	84,625.6
EQUITY				
Share capital	470.9	1,093.0	1,093.0	1,093.0
Share premium	2,430.9	2,953.4	2,953.4	2,953.4
Less: Treasury shares	(8.8)	(0.2)	—	—
Other reserves	(432.8)	(131.1)	(4.7)	(4.4)
Amounts recognised directly in equity relating to non-current assets from discontinued operations	—	(14.5)	9.3	9.3
Retained earnings	672.7	(5,975.6)	(6,494.9)	(2,877.1)
Capital and reserves attributable to equity holders of the parent entity	3,132.8	(2,075.1)	(2,444.0)	1,174.2
Non-controlling interest	140.9	135.2	128.5	126.6
Total equity	3,273.7	(1,939.8)	(2,315.5)	1,300.7
Total liabilities and equity	57,561.3	49,352.3	70,406.2	85,926.4

(1) The consolidated balance sheet data provided in this table for 2010 are derived from the 2010 financial information provided for comparative purposes in the 2011 audited consolidated balance sheet included elsewhere in this Offering Memorandum. This information differs from balance sheet information provided in our audited consolidated balance sheet for 2010 as there was a set-off in 2011 between deferred tax receivables and liabilities concerning the same tax authority, which required, purposes of comparability, that the assets of 2010 were reclassified and deferred tax liabilities amounting to €118,955 thousand were set off against deferred tax receivables, which amounted in total to €416,837 thousand. After the set-offs, deferred tax receivables were €297,882 thousand and deferred tax liabilities, which were originally €160,865 thousand, were €41,910 thousand.

(2) Other assets include: i) Derivative financial instruments—assets; ii) Trading securities; iii) Financial instruments at fair value through profit or loss; iv) Reverse repos with customers; v) Debt securities—receivables; vi) Investment securities; vii) Investments in associated undertakings; viii) Intangible assets; ix) Property, plant and equipment; x) Investment property; xi) Assets held for sale; xii) Deferred tax assets; xiii) Inventories property; and xiv) Other assets.

(3) Other liabilities include: i) Liabilities at fair value through profit or loss; ii) Derivative financial instruments—liabilities; iii) Debt securities in issue; iv) Retirement benefit obligations; v) Other provisions; vi) Current income tax liabilities; vii) Deferred tax liabilities; and viii) Other liabilities

Selected Financial Ratios and Other Data

	As at and for the year ended 31 December			As at and for the three months ended 31 March	
	2010	2011	2012	2012	2013
				(Unaudited)	(Unaudited)
Basic ratios					
Loans to deposits[1]	127.7%	156.0%	120.7%	158.0%	113.8%
Loans to assets[2]	65.4%	68.9%	63.4%	70.2%	70.6%
Capital ratios					
Equity Tier I ratio[3]	7.0%	(8.6)%	7.4%[12]	(7.7)%	13.5%[13]
EBA Core Tier I ratio[4]	8.0%	(6.4)%	9.2%[12]	(5.5)%	14.8%[13]
Tier I ratio[5]	8.4%	(6.0)%	9.3%[12]	(5.3)%	14.9%[13]
Total capital (Tier I and Tier II) ratio[6]	9.3%	(5.0)%	9.7%[12]	(4.6)%	15.2%[13]
Risk-weighted assets (€ millions)	37,988	34,722	43,175	34,923	58,141
Credit quality ratios and other data					
NPLs more than 90 days past due (in € millions)	2,960.2	4,994.2	11,759.7	5,864.1	22,540.0
Cumulative provisions (in € millions)	(1,433.1)	(3,052.4)	(5,960.6)[14]	(2,829.2)	(11,181.6)[15]
Loans to customers before provisions (in € millions)	39,071.2	37,058.0	50,573.3[16]	35,999.0	71,868.1[17]
NPL ratio[7]	7.6%	13.5%	23.3%	16.3%	31.4%
Provision coverage[8]	48.0%	52.0%	51.0%	48.2%	49.6%
Per share data					
Number of ordinary shares (at period end)	336,272,519	1,143,326,564	1,143,326,564	1,143,326,564	1,143,326,564
Average weighted number of ordinary shares (not including treasury shares)[9]	634,164,709	1,081,944,334	1,142,930,123	1,142,913,883	1,143,251,755
Basic and adjusted profit / (losses) per share (not including treasury shares) from ongoing operations (€)[10][11]	0.3171	(61.1602)	(4.4909)	0.4011	31.6349
Basic and adjusted profit / (losses) per share (not including treasury shares) from discontinued operations (€)[10][11]	(0.640)	0.035	0.1135	0.0106	0.1065
Per share data					
Number of ordinary shares (at period end)	336,272,519	1,143,326,564	1,143,326,564	1,143,326,564	1,143,326,564
Dividend per Ordinary Share (€)	—	—	—	—	—

(1) Loans and advances to customers (net of provisions) over customer deposits.

(2) Loans and advances to customers (net of provisions) over total assets.

(3) Capital adequacy ratio of Tier I Capital (Tier I regulatory capital as defined by the Bank of Greece), less hybrid capital and Special Preference Shares, divided by total risk-weighted assets.

(4) Capital adequacy ratio of Tier I Capital (Tier I regulatory capital as defined by the Bank of Greece), excluding Special Preference Shares and excluding intangible assets and hybrid instruments, divided by total risk-weighted assets.

(5) Capital adequacy ratio of Tier I Capital (Tier I regulatory capital as defined by the Bank of Greece divided by total risk-weighted assets).

(6) Total capital adequacy ratio (total regulatory capital, i.e., Tier I and Tier II regulatory capital as defined by the Bank of Greece, divided by total risk-weighted assets).

(7) Non-performing >90 days (IFRS 7) loans divided by total loans and advances to customers before provisions at the end of the relevant period.

(8) Cumulative provisions divided by NPLs >90 days (IFRS 7) at the end of the relevant period. See notes 16 and 17.

(9) According to the provisions of IAS 33, the average weighted number of shares for year 2010 has been adjusted with a 1.8889 factor in order to reflect the impact on profit / (loss) per share of the share capital increase at a selling price lower than the current one.

(10) The basic profit / (loss) per share is calculated by dividing profit / (loss) after tax attributed to the ordinary shareholders of the parent with the average weighted number of ordinary shares in issue during the fiscal year, excluding the average number of treasury shares which the Group held. In fiscal years 2010-2012 there is no reason that differentiates the adjusted from the basic profit / (loss) per share.

(11) The information for year 2010 was reformed to be comparable to the information for year 2011 and reflect the resolution of the annual ordinary General Meeting of Shareholders for 2011, on the non-payment of dividend to the shareholders of the preference share for fiscal year 2010.

(12) Includes capital advances from the HFSF of €6.3 billion and commitment for capital support in connection with the ATEbank Acquisition of €570 million.

(13) Includes the total amount of capital guaranteed by the HFSF (€7,905 million), as well as €524 million in connection with the Cypriot Acquisitions that the HFSF will provide us in the form of EFSF notes.

(14) Includes a €3,833.0 million allowance for impairment on loan and advances to customers and the €2,127.7 million fair value adjustment of opening balances at the acquisition date relating to the allowance for impairment of loans of the ATEbank Acquired Business and Geniki Bank, which was applied to loans and advances to customers in accordance with IFRS 3.

(15) Includes a €4,226.7 million allowance for impairment on loans and advances to customers and the €6,954.9 million fair value adjustment of opening balances at the acquisition date relating to the allowance for impairment of loans of the ATEbank Acquired Business, Geniki Bank and the Cypriot Acquired Businesses, which was applied to loans and advances to customers in accordance with IFRS 3.

(16) Represents gross loans prior to the €2,127.7 million fair value adjustment of opening balances at the acquisition date relating to the allowance for impairment of loans of the ATEbank Acquired Business and Geniki Bank, which was applied to loans and advances to customers in accordance with IFRS 3. As applied, this adjustment decreases the balance of loans and advances to customers before provisions and it is not included in the €3,833.0 million allowance for impairment on loans and advances to customers. However, for purposes of monitoring credit risk and for disclosure purposes according to IFRS 7, this adjustment does not affect the balances of loans and advances before provisions, as we have not stopped monitoring the adjustment as part of the provisions.

(17) Represents gross loans prior to the €6,954.9 million fair value adjustment of opening balances at the acquisition date relating to the allowance for impairment of loans of the ATEbank Acquired Business, Geniki Bank and the Cypriot Acquired Businesses, which was applied to loans and advances to customers in accordance with IFRS 3. As applied, this adjustment decreases the balance of loans and advances to customers before provisions and it is not included in the €4,226.7 million allowance for impairment on loans and advances to customers. However, for purposes of monitoring credit risk and for disclosure purposes according to IFRS 7, this adjustment does not affect the balances of loans and advances before provisions, as we have not stopped monitoring the adjustment as part of the provisions.

Other Selected Financial Data

The following table presents the breakdown of our holdings of debt securities issued by the Hellenic Republic as at 31 December 2010, 2011 and 2012 and 31 March 2013:

(€ in millions)	As at 31 December 2010	2011	2012	As at 31 March 2013 (Unaudited)
Debt securities—receivables[1]	2,302.2	1,412.1	1,415.0	1,429.1
Held to Maturity	4,954.6	1,198.2	—	—
Available for Sale[2]	1,161.5	2,064.2	2,942.2	1,820.4
Trading securities & Other financial assets at fair value through profit or loss	249.5	119.5	26.7	31.8
Total	**8,667.8**	**4,794.0**	**4,384.0**	**3,281.3**

(1) Debt securities—receivables for the year ended 31 December 2012 and the three months ended 31 March 2013 refer to Greek government bonds of nominal value €1,457 million that were issued in accordance with Law 3723/2008. Debt securities—receivables as at 31 December 2011 and 2010 included Greek government bonds of nominal value €782 million and €370 million, respectively, which were transferred to the Bank in accordance with Law 3723/2008.

(2) Available for sale debt securities for the years ended 31 December 2011 and 2012 and the three months ended 31 March 2013 mainly included treasury bills issued by the Hellenic Republic. Treasury bills as at 31 December 2010 amounted to €604.0 million.

The table below presents the balances of ECB funding and the collateralisation we provided as at 31 December 2012 and 31 March 2013.

(€ in billions)	As at 31 December 2012	As at 31 March 2013 (Unaudited)
ECB funding amount	0.2	18.9
Face value of Debt securities issued by the Hellenic Republic	0.0	3.4
Face value of asset-backed securities	0.0	0.0
Face value of other bonds	0.1	18.5
Nominal value of loans	0.3	1.0
Face Value of collateral for ECB funding*	0.4	22.8

* The above collateral usage is indicative since collateral is utilised on a pool basis.

RISK FACTORS

Investing in our New Shares involves a degree of risk. You should carefully consider the risk factors set out below and all other information contained in this Offering Memorandum, including our financial statements and the related notes, before making an investment decision regarding our New Shares. The risks described below are those significant risk factors, currently known and specific to us or the banking industry that we believe are relevant to an investment in our New Shares. If any of these risks materialises, our financial condition or results of operations could suffer, the price of our Ordinary Shares could decline and you could lose part or all of your investment. Moreover, the risks and uncertainties described below may not be the only ones we may be subject to. Additional risks not currently known to us or that we now deem immaterial may also harm us and adversely affect your investment in our Ordinary Shares.

Risks Relating to the Hellenic Republic Economic Crisis

Adverse economic developments and uncertainty in Greece are having, and are likely to continue to have, significant adverse effects on our business, results of operations and financial condition.

For the financial year ended 31 December 2012, 62% of our net interest income was derived from our operations in Greece. As a result, macroeconomic developments and political conditions in Greece affect our business, results of operations, the quality of our assets and general financial conditions directly and significantly. In addition, as a financial institution operating in Greece, we hold a portfolio of Greek government debt. As at 31 March 2013, our positions in debt securities issued by the Hellenic Republic amounted to approximately €3,281 million, including Greek government bonds with a nominal value of €117 million, Greek treasury bills with a nominal value of €1,735 million and securities of the Greek government with a nominal value of €1,457 million, issued in accordance with Law 3723/2008. Of these securities, securities with a nominal value of €752 million were made available to us for the subscription by the Greek government of €370 million in preference shares, which were issued in 2009, and €380 million, which were issued in 2011. Additionally, we acquired securities with a nominal value of €675 million in connection with the ATEbank Acquisition. The book value of the above securities was €1,429.1 million as at 31 March 2013. In total, Greek government debt represented approximately 4% of our assets as at 31 March 2013, whereas Greek government bonds represented 0.1% of our assets as at 31 March 2013.

In recent years, internal imbalances in the Greek economy, the increasing need to promote structural changes and the negative international financial climate adversely affected the sustainability of Greek sovereign debt. On 21 February 2012, a framework to involve the private sector in reducing public debt (the "PSI") was put in place, whereby existing Greek government bonds would be exchanged for new Greek government bonds of a 53.5% lower nominal value. As a result of the PSI, we recorded losses of €5.9 billion and €311 million in our consolidated financial statements for the years ended 31 December 2011 and 2012, respectively, with respect to the Greek government debt we held. In December 2012, we participated in the programme launched by the Greek government for the buy-back of Greek government bonds (the "Buy-Back Programme") and exchanged 100% of eligible Greek government bonds in our possession for EFSF notes. As at 31 December 2012, we held €76 million in Greek government bonds, €2.9 billion in Greek treasury bills and €1.4 billion in Pillar I of Law 3723/2008 Greek government bonds.

Subsequent to the successful completion of the PSI, the IMF, the EU and the ECB approved the Second Economic Adjustment Programme for Greece to support the Greek economy. However, continued political instability led to two unexpectedly intense parliamentary elections and a recession of the Greek economy that cast doubt on the sustainability of Greek debt and led to the subsequent revision of the Second Economic Adjustment Programme. After extensive national and international discussions, on 27 November 2012 the basic framework for achieving sustainable public debt was agreed, with a goal of ultimately reducing the public debt as a percentage of gross domestic product to 124% of GDP by 2020 and below 110% of GDP by 2022. It was also decided to extend the Second Economic Adjustment Programme to 2016 and target a primary surplus of 4.5% of GDP by 2014. As part of the Second Economic Adjustment Programme, the Greek government is expected to take fiscal measures and implement structural reforms in its labour and goods markets and to promote privatisation. Implementation of the Second Economic Adjustment Programme is expected to lead to positive quarterly assessments by the EU, the ECB and the IMF and, consequently, to the disbursement of the financial assistance scheduled under the programme. For more information on the

reforms and the Second Economic Adjustment Programme, see "The Banking Sector and the Economic Crisis in Greece—Economic Adjustment Programmes, the PSI and Buy-Back Programme".

As a result of the above-mentioned developments, and the preservation of Greece's eurozone membership, on 18 December 2012, Standard & Poor's upgraded Greece's long-term credit rating to B− with a stable outlook and its short-term credit rating to B from SD (selective default). Moody's, which had downgraded Greece's credit rating to Ca on 25 July 2011 and again to C on 2 March 2012, left its ratings unchanged. Fitch Ratings, which downgraded Greece to CCC from B−/Stable on 17 May 2012, upgraded Greece's long-term credit rating and short-term rating to B− and B, respectively, on 14 May 2013. The outlook on the long-term credit rating is stable. The credit rating of the Hellenic Republic affects our credit rating and, accordingly, we and other Greek banks retained a C rating but were not downgraded because of bank support programmes. Our current long-term credit rating by Standard & Poor's, Moody's and Fitch is CCC, Caa2 and B, respectively, while our short-term credit rating is C, NP and B, respectively.

According to the second review of the Second Economic Adjustment Programme, Greece continues to make progress, public finances are steadily improving and important structural reforms are being implemented. The macroeconomic assessment is broadly unchanged from the previous review with moderate price declines of 0.8% and 0.4% in 2013 and 2014, respectively. Overall, a GDP contraction of 4.2% is expected in 2013, but investment and exports are expected to generate a projected annual GDP growth of 0.6% in 2014. The annual unemployment rate is projected to peak at 27% in 2013 and then is expected to decline to 26% and 21% in 2014 and 2016, respectively.

Greece's economy has encountered and continues to encounter significant and unprecedented fiscal challenges and structural weaknesses. The Greek economy is in the sixth year of financial recession and the Hellenic Republic faces unprecedented pressure in its public finances. Given the current macroeconomic environment, adverse macroeconomic developments are likely to have a material adverse effect on our business, results of operations and financial condition.

In this context a series of potential risks exist:

- The Greek economy continues to face significant macroeconomic challenges and significant uncertainty remains given the persistent concerns on a possible exit of Greece from the eurozone if it fails to meet targets.
- The need to implement additional austerity measures during 2013 may extend recessionary pressure and exacerbate the deterioration of the financial climate, lack of liquidity and shrinkage of private consumption. This would create a need for additional fiscal measures, as was the case during 2010 and 2011.
- Greece may fail to implement or realise the benefits of the Second Economic Adjustment Programme, leading to significant political and economic consequences, as discussed under "—Failure in implementing the Second Economic Adjustment Programme or in realising the benefits of the programme will likely have material adverse effects on our business, results of operations and financial condition".
- The significant losses incurred by the systemic banks and private creditors as a result of the PSI, in conjunction with the level of Greek government debt even after the PSI and the Buy-Back Programme in December 2012, render the improvement of the market climate and credit rating of government bonds difficult in both the short and medium terms. In this respect, the valuation of state-owned assets (and hence privatisation proceeds budgeted under the Second Economic Adjustment Programme) continues to be subject to great uncertainty.
- Given that the credit ratings of Greek banks are related to the credit rating of the Hellenic Republic, a potential downgrade of the Hellenic Republic could affect our credit rating and, ultimately, our results of operations and financial condition.

We are exposed to the financial performance and creditworthiness of companies and individuals in Greece or with a significant exposure to the Greek economy.

As one of the largest financial institutions operating in Greece, our business, results of operations and financial condition are exposed in many different ways to the economic and financial performance, creditworthiness, prospects and economic outlook of companies and individuals in Greece or with a significant economic exposure to the Greek economy. For example, our business activities depend on

the level of customer demand for banking, finance and financial products and services, as well as customers' capacity to service their obligations or maintain or increase their demand for our services. Customer demand and customers' ability to service their liabilities depend considerably on their overall economic confidence, prospects, employment trends, the state of the public finances in Greece, investment and procurement by the central government and municipalities and the general availability of liquidity and funding on reasonable terms.

According to official estimates and projections, the Greek economy is, and will continue to be, in a recession throughout 2013. More specifically, the Second Economic Adjustment Programme projects a decline in economic activity by 4.2% (in real terms) in 2013. After 2013, the Greek economy may continue to experience significant declines in economic activity, although the Second Economic Adjustment Programme forecasts that the economy will gradually recover and begin to grow in real terms in 2014 (0.6%).

The austerity measures introduced under the terms of the Second Economic Adjustment Programme are reducing household disposable incomes and firms' profitability and, consequently, are generating substantial pressure on the ability of households and businesses to service their loans and meet their other financial obligations to us and the other operators in the Greek banking sector.

Loans to enterprises and households are expected to continue to decrease in Greece, as austerity measures and the potential deterioration in the business environment may further weaken the demand for loans. Furthermore, the need to reduce Greek banks' dependence on Eurosystem funding may cause the banks to decrease their lending activity even further. In addition, our customers' demand for non-deposit investment products (e.g. shares, bonds and mutual funds) may be significantly reduced, which would adversely affect our income from fees and commissions.

In an environment characterised by continuing turbulence in the market, deteriorating macroeconomic conditions and increased unemployment, combined with decreasing private consumption and corporate investment and the deterioration of credit profiles of corporate and retail borrowers, the value of the assets which collateralise the loans we have extended, including houses and other immovables, could be significantly reduced. Such reduction may lead to the reduction in the value of the loans or an increase in loans in arrears. Any of these factors could have a material adverse effect on our business, results of operations and financial condition.

In the event that the Second Economic Adjustment Programme for Greece is not implemented successfully, especially with regard to the scheduled structural reforms, or in the event that additional austerity measures are required in addition to the ones already agreed upon, the decline in financial activity may be greater than expected in 2013, as was the case in 2012, which could further delay the recovery of the Greek economy and further materially and adversely affect our business, results of operations and financial condition.

Under the worst-case scenario, a severe economic recession, coupled with increasing market uncertainty and volatility in asset prices, high unemployment, declining consumer spending and business investment, could result in substantial impairments in the values of our loan assets, decreased demand for borrowings, increased deposit outflows and/or a significant increase in the level of NPLs, any of which could have a material adverse effect on our business, results of operations and financial condition.

Even if the Second Economic Adjustment Programme is successfully implemented, the Greek economy may not achieve the sustained and robust growth that is necessary to ease the financial constraints of the country and improve conditions for foreign direct investment and the availability of funding from the capital markets. Notwithstanding the Second Economic Adjustment Programme, the Greek economy will continue to be affected by the credit risk of other countries in the EU, the creditworthiness of commercial counterparties internationally and the repercussions arising from changes to the European institutional framework, which may contribute to continuing investor fears regarding Greece's capacity to honour its financial commitments. In addition, a continued depression in the Greek economy will have a significant material adverse effect on the Bank's business, financial condition, results of operations and prospects.

Failure in implementing the Second Economic Adjustment Programme or in realising the benefits of the programme will likely have material adverse effects on our business, results of operations and financial condition.

Greece has little capacity to diverge from the implementation targets of the Second Economic Adjustment Programme. In the event that policy implementation requires more time than scheduled or does not meet expectations, or if the economy requires more time than expected to respond to labour market and other structural reforms intended to enhance competitiveness, or if fiscal effects of the recession are more intense than expected, it is possible that the financial crisis may last longer than expected. Such divergences could more than offset the possible benefits of the current economic relief measures, the IMF, the EU and the ECB decisions to assist Greece, and the success of the buy-back transaction by the Greek government in December 2012.

Failure to implement the Second Economic Adjustment Programme may lead to the IMF, the EU and the ECB to terminate their support, which may worsen Greece's credit position or lead the Greek government to a moratorium with respect to its debt, including marketable securities and inter-state loans among eurozone member states.

Even if Greece successfully implements the Second Economic Adjustment Programme, public debt as a percentage of GDP is expected to be above 170% beyond 2015, and it remains uncertain whether the Greek economy will sufficiently grow to allow the Greek government to reach its public debt to GDP target, without the need to establish a new agreement with the EU and the IMF for additional public debt relief. Such debt relief may be achieved through amendment of the terms of inter-state loans, further restructuring of the Greek government bonds held by the ECB and the Bank of Greece, write-offs of inter-state loans or HFSF loans, or through combination of these options. If no reliable method of restoring the long-term sustainability of public debt and the coverage of the country's needs for external funding is found, it is possible that Greece may default on its obligations.

Uncertainty relating to the implementation of the Second Economic Adjustment Programme and the sovereign debt reduction has directly impacted the capital levels, liquidity and profitability of Greece's financial system, and, therefore, us. Specifically:

- losses resulting from the PSI created significant recapitalisation needs for Greek banks, which would be covered through funds drawn under the Second Economic Adjustment Programme;
- the Buy-Back Programme deprived Greek banks from future revenues generated by the Greek government bonds that were repurchased in the Buy-Back programme and possibly from a potential increase of the fair value in those bonds;
- the Greek banking system has limited liquidity due to a lack of access to funding markets since 2009, the significant contraction of domestic deposits since 2010 and a material reliance on Eurosystem funding; and
- increased deposit costs.

Failure of the Second Economic Adjustment Programme to significantly improve the Greek economy would have material adverse effects on our business, results of operations and financial condition. If the Greek government defaults on its debt in the future or if further restructuring of such debt is implemented, our regulatory capital will likely be affected because of the potential need for significant additional provisions for loans and other asset items, and we will have to seek additional capital resulting in a significant dilution of existing shareholders. In such circumstances, there is no assurance that we will be in a position to raise additional capital on acceptable terms, or at all.

There is no assurance as to the extent to which the fiscal targets of the Second Economic Adjustment Programme will be met or as to the effects of the austerity measures implemented under the programme on general economic activity. Furthermore, there is no assurance that the Greek government will be in a position to implement on a timely basis all required structural reforms in full. Failure to implement provisions of the Second Economic Adjustment Programme and to attain fiscal targets may lead to termination of the financial support by the IMF, the ECB and the EU, which will subsequently increase the risk of occurrence of an adverse credit event regarding Greece's public debt. Any such risk for financial stability in Greece and its ability to fulfil its international obligations, either as such or in combination with other adverse developments (including, for example, aggravation of

international financial conditions or at a eurozone level), could have material adverse effects on our business, results of operations and financial condition, including:

- a significant increase in the provisions we take, mostly for loans;
- a weakening of our capital position;
- significant difficulties in raising funds and complying with minimum capital regulatory requirements; and
- a substantial reduction in our ability to access liquidity.

In addition, implementation of the Second Economic Adjustment Programme may aggravate the financial recession and might adversely affect our business, results of operations and financial condition.

We are exposed to the risk of political instability in Greece.

The ruling coalition in Greece controls a majority in the Greek Parliament since the general elections held in June 2012. The coalition's economic policy primarily seeks to implement the measures agreed in the Second Economic Adjustment Programme. Any aggravation of the economic environment or of social tensions could precipitate a change of government or a revision of policies. This could result in a change in economic policy and a more challenging relationship with governmental authorities, and could affect our business and strategic orientation, which may adversely affect our business, financial condition, results of operations and prospects.

If the cohesion of the current governmental coalition is weakened or if the majority of the government is reduced because of a potential withdrawal of one of the parties supporting the coalition government, this could give rise to political instability. Furthermore, the outcome of the next Greek presidential election, expected to take place in February 2015, may have significant consequences on political stability in Greece. When a presidential term expires, the Greek Parliament votes to elect the new President. If no candidate gains the required number of parliamentary votes to win the presidential election, Parliament is dissolved and new legislative elections take place. The newly elected Parliament participates in the election of the new President, and lower voting thresholds are required for a presidential candidate to win. These election processes may be more protracted and contentious than expected and create significant risks as to the implementation of the Second Economic Adjustment Programme. The commitment of other eurozone member states to provide long-term support to Greece on adequate terms is at risk due to the possibility that Greece may not successfully implement the Second Economic Adjustment Programme and to adverse public opinion in the eurozone countries regarding the provision of support to Greece. Political instability may lead to further deterioration in economic conditions, which in turn will have a material adverse impact on our business, results of operations and financial condition.

Failure to meet the requirements of the Recapitalisation Plan could result in the issuance of Contingent Convertible Securities.

In light of the capital losses that Greek banks incurred as a result of the PSI and the extremely negative macroeconomic situation in Greece, the Bank of Greece initiated a process for the recapitalisation of Greek banks. In the first quarter of 2012, the Bank of Greece requested and received from the Greek banks detailed business plans covering the period 2012 to 2015, as well as their recapitalisation plans. On the basis of these recapitalisation plans, which include both the effect of the PSI and the results of the Blackrock Diagnostic Assessment, the four systemic Greek banks, including us, were assessed as viable by the Bank of Greece, and their capital needs were determined accordingly.

The recapitalisation of the Bank and the other three systemic Greek banks defined by the Bank of Greece are expected to be implemented in accordance with Law 3864/2010 and the provisions of Cabinet Act No. 15/2012 ("Cabinet Act No. 15") and Cabinet Act No. 38/2012 ("Cabinet Act No. 38"):

- The first phase, which concluded at the end of December 2012, involved the provision of additional capital advances by the HFSF in order for the banks' Core Tier I ratios to reach a level of at least 9%.
- The second phase, which concluded in the beginning of 2013, involved receiving the necessary shareholder approvals for the issuance of contingent convertible securities to be subscribed

entirely by the HFSF. Our shareholders at the Second Iterative General Meeting on 31 January 2013 approved the issuance of Contingent Convertible Securities for an amount of up to €2.0 billion.

- Finally, the third phase, involves an ordinary share capital increase in which both private sector investors and the HFSF will participate.

For further information on the Recapitalisation Plan, please see "Summary—Purpose of the Offering".

If funds originating from private investors in this Offering, taken together with the €170 million that SG has agreed to invest and the €400 million that BCP will invest (subject to the completion of the MBG Acquisition, which remains subject to antitrust and regulatory approvals and the satisfaction of certain conditions) in our Ordinary Shares, are more than €575.5 million, the HFSF will acquire Ordinary Shares with restricted voting rights, which will allow the HFSF to exercise its voting rights at the General Meeting only for resolutions regarding modifications of the Bank's Articles of Association, including: an increase or reduction of the Bank's share capital or provision of relevant authorisation to the Board of Directors; merger, division, conversion, revival, extension of duration or dissolution of the Bank; asset transfers, including sales of subsidiaries; or any other matters that require an increased majority, as explicitly provided under Greek law. HFSF's shares will be taken into account for the calculation of quorum, only for the aforementioned matters.

If the funds originating from private investors in this Offering, taken together with the €170 million that SG has agreed to invest and the €400 million that BCP will invest (subject to the completion of the MBG Acquisition, which remains subject to antitrust and regulatory approvals and the satisfaction of certain conditions) in our Ordinary Shares, are less than €733.5 million but greater than €575.5 million, then we will issue Contingent Convertible Securities pursuant to the provisions of Law 3864/2010 and Cabinet Act No. 38. Contingent Convertible Securities are mandatorily convertible into Ordinary Shares upon the occurrence of certain contingencies. Accordingly, the issuance of these securities and their subsequent conversion could result in the substantial dilution of shareholders' interests. In addition, if the Contingent Convertible Securities are mandatorily converted to Ordinary Shares and we have not successfully completed a share capital increase within six months from the conversion date, including any amounts above par, for an amount equal to at least 10% of the sum of the aggregate nominal value of the Contingent Convertible Securities which were capitalised and the total value of the share capital increase (nominal value plus amount above par), then the HFSF is entitled to exercise full shareholder voting rights, which could result in the effective nationalisation of the Bank.

We may, in the future, have insufficient capital resources to meet the current or any future minimum capital level required by regulators.

We are required by regulatory authorities both in Greece and in other jurisdictions where we undertake regulated activities to meet minimum capital and liquidity requirements. The Bank's and our regulated subsidiaries' ability to maintain regulatory capital ratios could be affected by a number of factors, including the level of risk-weighted assets. In addition, our capital adequacy ratio will be directly affected by its after-tax results, which could be affected, most notably, by a greater than anticipated worsening of economic conditions and, as a result, asset impairments. We may, therefore, in the future have insufficient capital resources to meet minimum regulatory capital and liquidity requirements. In addition, minimum regulatory requirements may increase in the future and/or the manner in which existing regulatory requirements are applied may change. Likewise, liquidity requirements may come under heightened scrutiny, and may place additional stress on our liquidity demands in the jurisdictions in which we operate.

The participation of Greek banks in the PSI had a material adverse effect on their financial results and capital adequacy. As a result of the PSI, we incurred impairment losses of €5.9 billion in 2011 and €311 million in 2012. These losses materially and adversely affected our capital position. Our total capital adequacy ratio was negative 5% in 2011 and 9.7% in 2012. The amount of Core Tier I capital for 2012 was calculated including only the €6.3 billion corresponding to the HFSF's in-kind contribution, i.e., excluding the €1.1 billion commitment, but including the €570 million commitment of the HFSF for the coverage of capital needs arising out of the ATEbank Acquisition. Including the total amount of capital provided through the HFSF (€7,905 million), our total capital adequacy ratio would have been 12.2% as at 31 December 2012, while as at 31 March 2013, our total capital adequacy ratio

would have been 15.2%, as it also included the €524 million amount that the HFSF agreed to provide to us in connection with the Cypriot Acquisitions.

The Bank of Greece introduced a recapitalisation plan for Greek banks in 2012. During the first quarter of 2012, the Bank of Greece requested and received from Greek banks detailed business plans for the year 2012 to 2015, as well as their respective recapitalisation plans. We plan to submit to the Bank of Greece an updated business plan.

Given that the terms for the recapitalisation of the Greek banking system were agreed following several rounds of negotiations and through the efforts of all parties to maintain balances and find a viable solution for the banks, the risk of an additional capital enhancement beyond the initially determined capital needs still exists. Further deterioration of market conditions, in Greece and internationally, may adversely affect the quality of our loan and investment portfolio and lead to larger impairments in the future taking into account the loan portfolio. The potential deterioration in credit quality of our assets may exceed expectations and generate an additional regulatory capital requirement. For example, as at 31 December 2012, our LLRs were already almost at the level of BlackRock's three-year credit loss projections under an adverse scenario, which means that the deterioration of our asset quality is already exceeding the projections and assumptions embedded in Blackrock's adverse scenario for the projected three-year losses of our asset portfolio as at 30 June 2011. If we are unable to raise the requisite capital, we may be required to further reduce the amount of our risk-weighted assets and engage in the disposition of core and other non-core businesses, which may not occur on a timely basis or achieve prices which would otherwise be attractive to us. Any failure by us to maintain minimum regulatory capital ratios could result in administrative actions or other sanctions, which in turn may have a material adverse effect on our operating results, financial condition and prospects. See "Regulation and Supervision of Banks in Greece". If we are required to bolster our capital position, it may not be possible for us to raise additional capital from the financial markets or to dispose of marketable assets. That could potentially lead to further mandatory capital injections from the Greek government, which would dilute the interests of the shareholders.

Effective management of our regulatory capital is critical to our ability to operate our businesses, to grow organically and to pursue our strategy. Any change that limits our ability to manage our balance sheet and regulatory capital resources effectively including, for example, reductions in profits and retained earnings as a result of write-downs or otherwise, increases in risk-weighted assets, delays in the disposal of certain assets or an inability to syndicate loans as a result of market conditions or otherwise or to access funding sources could have a material adverse impact on our financial condition and regulatory capital position.

Our ability to raise funds in the capital markets has been drastically reduced, making us dependent on the ECB and the Bank of Greece for funding and vulnerable to changes in ECB or Bank of Greece regulations.

The ongoing financial crisis has adversely affected our credit rating, restricted our access to international markets for funding and increased our funding costs and the need to provide additional collateral in repurchase (repo) agreements and other collateralised funding agreements, including our agreements with the ECB and the Bank of Greece. Concerns relating to the ongoing influence of these adverse conditions may in the medium term cause further delays in our ability to receive market funding.

The uncertainty relating to the implementation of the Second Economic Adjustment Programme and the sovereign debt reduction through the PSI has directly affected the capital levels, liquidity and profitability of the financial system of the Hellenic Republic and consequently of the Bank. The limited liquidity in the Greek banking system reflects an effective closing of the market for financing since the end of 2009 and a sizeable contraction of the domestic deposit base since the end of 2010 (22.7% cumulatively until 31 December 2012, according to Bank of Greece data) and a heavy reliance on Eurosystem funding. Political initiatives at an EU level for amendments to the framework for supporting credit institutions could result in the shareholders, creditors and unsecured depositors sharing the burden of the recapitalisation and/or liquidation of troubled banks, and/or the taxation of deposits, which may result in a loss of customer confidence in the countries in which we operate and further outflows of deposits from the banking system (see "—A material decrease in funds available to us from customer deposits, particularly retail deposits, or an inability to lower the cost of deposits over time, could impact our funding"). Consequently, our ECB funding and funding from the Bank of Greece, through the ELA (which has less strict collateral rules but carries a higher rate of interest,

2.00% compared to 0.50% for ECB funding), has increased considerably since the start of the crisis. As at 31 March 2013, our Eurosystem funding amounted to €21.2 billion.

The severity of pressure experienced by Greece in its public finances has restricted our access to the capital markets for funding, particularly unsecured funding and funding from the short-term interbank market, because of concerns by counterparty banks and other creditors. Since the end of 2009, Greek banks have not had access to the capital markets. As a result, maturing interbank liabilities have not been renewed or have been renewed at an increased cost. Furthermore, deposit outflows which began in the end of 2009 and continued until 2012 still exert pressure on the liquidity of Greek banks.

The liquidity which we receive from the ECB or the Bank of Greece may be adversely affected by changes in ECB or Bank of Greece regulations. The amount of funding available from the ECB or the Bank of Greece is tied to the value of the collateral we provide, including the market value of our holdings of Greek government bonds, which may decline. If the value of our assets decline, then the amount of funding we can obtain from the ECB or the Bank of Greece will be correspondingly limited. In addition, if the ECB or the Bank of Greece were to revise their collateral standards or increase the rating requirements for collateral securities such that these instruments were not eligible to serve as collateral, our funding costs would be materially increased and our access to liquidity limited. The ECB or the Bank of Greece may set time limitations on the use of government guaranteed bonds as collateral and may decide to provide funding only under special terms.

Further, we use covered bonds issued by us as collateral for funding from the Bank of Greece. These covered bonds may no longer be accepted as collateral in the future, if, for example, further credit downgrades take place or the relevant Bank of Greece rules allowing their use as collateral are amended. New downgrades of Greece's credit rating may materially affect our ability to raise additional funds from the Bank of Greece or other sources. In addition, continuing loss of deposits and prolonged need for additional Eurosystem funding may lead to the exhaustion of available collateral required to raise funds from the Eurosystem and may lead to funding risks for the Group.

These factors, individually or in the aggregate, may have a material adverse effect on our liquidity, business, results of operations and financial condition.

A material decrease in funds available to us from customer deposits, particularly retail deposits, or an inability to lower the cost of deposits over time, could impact our funding.

Historically, one of our principal sources of funds has been customer deposits. As at 31 December 2012, customer deposits represented 53% of our aggregate obligations (due to customers and credit institutions and hybrid capital and other borrowed funds). Since we rely on customer deposits for the majority of our funding, if our depositors withdraw their funds at a rate faster than the rate at which borrowers repay their loans, or if we are unable to obtain the necessary liquidity by other means, we may be unable to maintain our current levels of funding without incurring higher funding costs or having to liquidate some of our assets or to increase our funding from the ECB and the Bank of Greece under their respective terms. An outflow of domestic customer deposits in Greek banks, owing to concerns regarding the Hellenic Republic's fiscal status and the results of economic contraction, led to a decrease of 5% in Greek banks' domestic deposits as at 31 December 2012, compared to 31 December 2011.

The ongoing availability of deposits to fund our loan portfolio is subject to potential changes in certain factors outside our control, such as depositors' concerns regarding the economy in general, the financial services industry or us specifically, the risk of implementation of changes in the framework for supporting the financial credit institutions that are having problems by requiring the participation of their respective shareholders, the creditors and the unsecured depositors and/or initiatives for taxation of deposits, significant further deterioration in economic conditions in Greece and the availability and extent of deposit guarantees. Each of these factors could by itself or combined with others lead to a reduction in our ability to access customer deposit funding on appropriate terms in the future, which would impact our ability to fund our operations and meet our minimum liquidity requirements and would adversely affect our results, financial condition and prospects.

Any loss in consumer confidence in our banking businesses, or in banking businesses generally, could significantly increase the amount of customer deposit withdrawals, or increase the cost of deposits, in a short period of time, or will not allow us to lower the cost of deposits in the medium

term. If we or our subsidiaries experience an unusually high level of withdrawals, this may have an adverse effect on our results, financial condition and prospects. Unusually high levels of withdrawals could prevent us or any other member of our Group from funding operations and meeting minimum liquidity requirements. In those circumstances, we and our subsidiaries and affiliates may not be in a position to continue to operate without additional funding support, which we may be unable to secure.

There is uncertainty about the Bank's ability to continue as a "going concern".

Our independent auditors have added an explanatory paragraph to their audit opinion issued in connection with our stand-alone and consolidated financial statements for the year ended 31 December 2012 with respect to our ability to continue as a going concern. The paragraph draws attention to Note 2.1 of our stand-alone and consolidated financial statements, respectively, which refers to the impact of the impairment losses resulting from the Greek sovereign debt restructuring on the Bank and Group's regulatory capital, the current and planned actions to restore the capital adequacy and the existing uncertainties that could adversely affect the going concern assumption until the completion of the recapitalisation process.

The financial position of the Bank and the Group as at 31 December 2012 was negative, due to the impairment losses resulting from the Greek sovereign debt restructuring, while our capital position was positive as at 31 March 2013, our minimum capital ratios, not taking into account the recapitalisation of €8,429 million, were lower than required by the regulatory authorities. Our going concern basis is dependent on the completion of the Recapitalisation Plan to restore our financial position, maintaining adequate levels of capital and our continued ability to rely on liquidity facilities provided by the ECB and the Bank of Greece.

We are subject to stress testing.

Stress tests analysing the banking sector recently have been and, we anticipate, will continue to be, published by national and supranational regulators including the Bank of Greece, the European Banking Authority ("EBA") the IMF, the ECB and others. Loss of confidence in the banking sector following the announcement of stress tests regarding a bank or the Greek banking system as a whole, or market perception that any such tests are not rigorous enough, could have a negative effect on our cost of funding and may thus have a material adverse effect on our operations and financial condition.

Greek banks may be required in the future to meet more stringent capital requirements regarding their EBA Core Tier I capital ratios. If the Bank were to fail to meet any such new requirements by accessing the capital markets, we would be required to receive additional capital from the HFSF or, potentially, other investors. Any such additional capital invested by the HFSF or other investors in the Bank may result in a significant dilution of existing shareholders' interests.

Government and inter-governmental interventions aimed at alleviating the financial crisis are uncertain and carry additional risks.

Government and inter-governmental interventions aimed at alleviating the financial crisis could lead to increased ownership and control of financial institutions by the Hellenic Republic or other entities and further consolidation in the banking sector. During the 2008-2009 global financial crisis and the Cyprus debt crisis in March 2013, various governments responded to credit or liquidity concerns in certain banks by nationalising or partially nationalising those banks or putting them through a form of resolution or recapitalisation process. During that period, even if banks were not fully nationalised, shareholders experienced significant dilution and loss of value. Furthermore, in the case of Cyprus, the regulatory authorities employed a bail-in to resolve the crisis, which resulted in deposit funds that exceeded the guaranteed amount being used to save each bank.

Unsecured depositors sharing the burden of the recapitalisation and/or liquidation of troubled banks, and/or the taxation of deposits may result in a loss of customer confidence in the countries in which we operate and further outflows of deposits from the banking system, which would have a material adverse effect on our business, prospects, financial condition and results of operations, and on our ability to operate as a going concern.

The EU regulatory and supervisory framework may constrain the economic environment and adversely impact our operating environment.

The European Parliament is considering two draft regulations on economic governance, namely: (i) a regulation for enhanced monitoring and assessment of draft budgetary plans of eurozone member states, especially those subject to an excessive deficit procedure; and (ii) a regulation on enhanced surveillance of eurozone member states that are experiencing severe financial disturbance or request financial assistance. The two draft regulations introduce provisions for enhanced monitoring of countries' budgetary policies. Greater emphasis is being placed on the debt criterion of the Stability and Growth Pact, where member states whose debt exceeds 60% of GDP (the EU's debt reference value), such as the Hellenic Republic, would be required to take steps to reduce their debt at a pre-defined pace, even if their deficit is below 3% of GDP (the EU's deficit reference value). As a preventive measure, an expenditure benchmark is proposed, which implies that annual expenditure growth should not exceed a reference medium-term rate of GDP growth. A new set of financial sanctions are proposed for eurozone member states; these will be triggered at a lower deficit level and will use a graduated approach. Although not relevant in the short term, given the dimensions of Greece's public debt imbalance, these measures are likely to have the effect of limiting the government's capacity to stimulate economic growth through spending or through a reduction of the tax burden for a long period. Any limitation on growth of the Greek economy is likely to adversely affect our business, financial condition, results of operations and prospects.

Our borrowing costs and liquidity levels may be negatively affected by downgrades of our credit rating or the credit rating of the Hellenic Republic.

Since 2009, the Hellenic Republic has experienced a series of credit rating downgrades, and in 2010 it moved to below investment grade. Following the activation of the collective action clauses provided for in Greek government bonds and the launch of the PSI in February 2012, the credit rating of the Hellenic Republic was downgraded by all three credit rating agencies to just above default. Standard & Poor's downgraded the Hellenic Republic's credit rating to Selective Default on 27 February 2012, Fitch downgraded the Hellenic Republic's credit rating to Restricted Default on 9 March 2012 and Moody's downgraded the credit rating of the Hellenic Republic to C on 2 March 2012. Following the completion of the PSI, Fitch upgraded the Hellenic Republic's credit rating to B on 13 March 2012 and Standard & Poor's upgraded the Hellenic Republic's credit rating to CCC on 2 March 2012. On 17 May 2012, Fitch downgraded the Hellenic Republic's credit rating to CCC in light of the national elections.

On 5 December 2012, Standard & Poor's downgraded the Hellenic Republic's credit rating to Selective Default, following the invitation to eligible holders on new Greek debt issued under the PSI to participate in the Buy-Back Programme. However, on 18 December 2012, following the completion of the auction process relating to the Buy-Back Programme, it upgraded the long-term rating of the Hellenic Republic to B with a stable outlook and the short-term rating from Selective Default to B, on the basis of the eurozone countries' persistence to keep Greece in the eurozone and the commitment of the Greek Government to achieve the economic adjustment. Fitch Ratings, which downgraded Greece to CCC from B−/Stable on 17 May 2012, upgraded Greece's long-term credit rating and short-term rating to B− and B, respectively, on 14 May 2013. The outlook on the long-term credit rating is stable.

Downgrades of the Hellenic Republic's rating may occur in the future in the event of a more drastic deterioration in public finances as a result of a poorer performance in economic activity or as a result of a failure to implement the Second Economic Adjustment Programme or if the Second Economic Adjustment Programme fails to produce intended results. Accordingly, the cost of borrowing for the Hellenic Republic would increase further, with negative effects on the cost of borrowing for Greek banks and therefore on their results.

Historically, our credit rating has been impacted by the rating of the Hellenic Republic. Further downgrades of the Hellenic Republic could, therefore, result in a corresponding downgrade in our credit rating, which could delay our return to the capital and interbank markets for funding and/or increase our borrowing costs. Any further reductions may also trigger additional collateral requirements in derivative contracts and other secured funding arrangements and may result in counterparties no longer being willing to enter into hedging transactions with us. As a result, any further reductions in

our credit ratings could adversely affect our access to liquidity and our competitive position or have a negative impact on our earnings and financial condition.

Our access to the capital and interbank markets depends significantly on our credit ratings.

Negative publicity following a credit rating downgrade may have an adverse effect on depositors' sentiment, which may increase our dependence on Eurosystem funding. We are currently severely restricted in our ability to obtain funding in the capital markets and are heavily dependent on the Eurosystem for funding, and any further reductions in our long-term credit ratings could delay our return to the capital and interbank markets for funding, increase our borrowing costs and/or restrict the potential sources of available funding available to us. It could also, coupled with the deterioration of the market conditions, lead to higher spreads on bonds and have an adverse effect on our ability to use our collateral to secure funding.

Deteriorating asset valuations resulting from poor market conditions, particularly in relation to developments in the real estate markets, may adversely affect our future earnings and capital adequacy.

The global economic slowdown and economic crisis in Greece have resulted in an increase in NPLs and changes in the fair values of our exposures. A substantial portion of our loans to corporate and individual borrowers is secured by collateral such as real estate, securities, ships, term deposits and receivables. In particular, as mortgage loans are one of our principal assets, we are currently highly exposed to developments in real estate markets, especially in Greece and, in addition, we currently have substantial exposure to certain real estate developers in Greece. From 2002 to 2007, demand for housing and mortgage financing in Greece increased significantly driven by, among other things, economic growth, declining unemployment rates, demographic and social trends, and historically low interest rates in the eurozone. In late 2007, the housing loan market in Greece began to be affected by excess supply, higher interest rates and an accelerated decline in household disposable income. Construction activity has contracted sharply since 2009. Housing prices began decreasing in 2009 and these decreases have continued and are expected to continue in 2013 due to further contraction of disposable income and high supply of houses available for sale. The sharp increase in unemployment during the economic crisis, which in 2012 averaged 24.2%, compared with 7.6% in 2008, aggravated the situation, with mortgage delinquencies increasing further.

Decreases in the value of collateral to levels lower than the outstanding principal's balance of the corresponding loans, particularly with respect to loans granted in the years prior to the Greek economic crisis, the inability to provide additional collateral, the continued downturn of the Greek economy or the deterioration of the financial conditions in any of the sectors in which our debtors conduct business may result in further impairment losses and provisions to cover credit risk, which would be in addition to the ones included in the assessment of the Bank of Greece under the worst-case scenario.

A decline in the value of collateral may also result from deterioration of financial conditions in Greece or the other markets in which the provided collateral is located. In addition, our failure to recover the expected value of collateral in the case of foreclosure, or our inability to initiate foreclosure proceedings due to domestic legislation, may expose us to losses which could have a material adverse effect on our business, results of operations and financial condition. Specifically, since 1 July 2010, pursuant to the current legal framework, foreclosures initiated by credit institutions for satisfaction of claims below €200,000 are forbidden until 31 December 2013 and it is probable that this prohibition will be extended beyond this date. As at 31 December 2012, the total amount of our claims restricted by the above suspension amounted to €581 million.

In addition, an increase in financial market volatility or adverse changes in the marketability of our assets could impair our ability to value certain of our assets and exposures. The value ultimately realised by us will depend on their fair value determined at that time and may be materially different from their current market value. Any decrease in the value of such assets and exposures could require us to recognise additional impairment charges, which could adversely affect our business, financial condition, results of operations and prospects, as well as our capital adequacy.

The Bank may not pay dividends to its ordinary shareholders or may only pay dividends in new Ordinary Shares.

Under Law 3723/2008, Law 3756/2009, Law 4063/2012, Law 3965/2011 and Law 3844/2010, we did not pay any cash dividends to our ordinary shareholders in 2012 in respect of the 2011 financial year.

Further legislation may prohibit us from paying cash dividends in subsequent years. As a result of our participation in the Hellenic Republic Bank Support Plan, under Law 3723/2008, our dividends are subject to a maximum dividend distribution of 35% of our net profits for as long as we participate in this plan, while the Hellenic Republic's representative to our Board of Directors has a veto right against decisions related to the distribution of dividends and remuneration policy. Similarly, the representative appointed by the HFSF to our Board of Directors has a veto right against decisions related to the distribution of dividends, when attending a meeting of the Board of Directors or the General Meeting.

Our participation in the Hellenic Republic Bank Support Plan has resulted in the issue of €370 million Special Preference Shares in May 2009 and the issue of €380 million Special Preference Shares in December 2011 to the Hellenic Republic, with a right for fixed return payment, which takes preference over distributable profits otherwise available to our ordinary shareholders.

We have not paid any dividend to the Hellenic Republic as a holder of Special Preference Shares in respect of the 2010, 2011 and 2012 financial years in accordance with our Articles of Association, Law 4063/2012 and the provisions of article 44a in combination with articles 42c and 43 of Law 2190/1920, which prevent the distribution of dividends under Special Preference Shares in the event that distributable profits are not sufficient. By virtue of Law 4093/2012, the fixed return calculated at a rate of 10% (increased for periods from 2014 onwards by two percentage points annually) of the sale price of each Special Preference Share is payable in any case provided that there are distributable funds available and provided that such distribution would not cause our own funds to fall below the minimum capital ratios required by law. See "Dividends and Dividend Policy".

Finally, if we issue Contingent Convertible Securities to the HFSF pursuant to Greek Law 3864/2010 and Cabinet Act No. 38, we may not distribute dividends to the holders of Ordinary Shares for as long as said bonds are outstanding. Consequently, we may not be in the position to distribute dividends in cash or in another form to the holders of Ordinary Shares in the long and/or medium term.

According to Article 78 of Law 4144/2013 and Law 3723/2008, if we decide to distribute dividends to our ordinary shareholders in respect of the 2012 fiscal year, such distribution may only be made in the form of shares to shareholders.

Risks Relating to Our Operations Outside Greece

Political and economic developments could adversely affect our operations.

External factors, such as political and economic developments, may negatively affect our operations, strategy and prospects. Our financial condition and operating results as well as its strategy and prospects may be adversely affected by events outside its control, which include but are not limited to:

- changes in government and economic policies;
- changes in the level of interest rates imposed by the ECB;
- fluctuations in consumer confidence and the level of consumer spending;
- regulations and directives relating to the banking and other sectors;
- political instability or military conflicts that impact on Europe and/or on other regions; and
- taxation and other political, economic or social risks relating to our business development.

We are subject to additional risks associated with conducting operations in emerging markets, and we may face difficulties in implementing our international strategy in those markets.

We have built substantial international operations in the emerging markets of Albania, Romania, Bulgaria, Serbia, Ukraine and Egypt, as well as in Cyprus. As at 31 March 2013, 10% of our loans and 9% of our deposits compared to 12% and 15% as at 31 December 2012 were attributable to the international segment in total, out of which the biggest exposure is to Romania and Bulgaria. Our exposure in Cyprus is rather small, amounting to €1.6 billion as at 31 December 2012, which represents 2.0% of our total assets.

The economic and political conditions in the foreign markets where we operate or may operate in the future affect our business and financial performance. Consequently, an economic slowdown or adverse changes in the political environment in those countries, including changes in government policies, political instability, acts of terrorism or threatened acts of terrorism, military action or other adverse political, economic or social developments may adversely impact our business, financial condition and/or results of operations.

In addition to being exposed to general economic and political conditions, conducting business in emerging markets may entail certain risks, including:

- adverse changes in economic and government policies;
- the relative instability of new institutions;
- unpredictable shifts in regulation;
- the inconsistent application of existing laws and regulations;
- slow and uncertain legal remedies; and
- insufficient legislation and reforms.

Our operations in Albania, Romania, Bulgaria, Serbia, Ukraine and Egypt may be particularly affected by undeveloped legal, regulatory and taxation systems, and significantly different commercial and employment practices and procedures from those in more-developed countries. Any significant adverse political, economic, social or other developments in Albania, Romania, Bulgaria, Serbia, Ukraine, Cyprus and Egypt could adversely affect our business, results of operations and financial condition.

Furthermore, the economic crisis in Greece may:

- materially affect our subsidiaries' operations in emerging markets;
- increase the concerns of depositors of said markets with regard to the Hellenic Republic's and our credit rating, which may further impact their decision to remain customers of our subsidiaries; and
- lead to government intervention by the local authorities.

Moreover, our loan portfolio includes loans in foreign currency, where the losses are assumed by the customers and recorded in the profit and loss account under impairment. The use of funding in foreign currency in some countries of SEE exposes some of our customers in those countries to exchange risk, affecting the financial condition of these entities and, consequently, the net income of the Bank. Net income may also be adversely affected if the current expectation of the country adopting the euro in the medium term does not materialise or in the event of reallocation of the portfolios of institutional investors in favour of "safe haven" assets in detriment of assets in emerging markets, particularly in a context of greater instability related to the redefinition of the European institutional framework. The deterioration of the macroeconomic environment in most of our international operations is also reflected in an increase in loss history and corresponding impairments. We may also face difficulties in implementing our strategy for our international operations, due to general constraints, such as the worsening of market conditions, adverse circumstances and competitive actions, as well as specific constraints associated to possible delays in the implementation of its strategic plan. These difficulties could have a significant impact on the opening of new branches, attraction of new customers and turnover.

Risks Relating to Our Business

The Hellenic Republic has the ability to, and currently exercises, significant influence over us.

The Hellenic Republic directly owns 77,568,134 million non-transferable and redeemable Special Preference Shares with a nominal value of €4.77 per share and 1,266,666,666 non-transferable and redeemable Special Preference Shares with a nominal value of €0.30 per share, in each case issued by the Bank without voting rights, pursuant to Greek Law 3723/2008 under the Hellenic Republic Bank Support Plan (see "Regulation and Supervision of Banks in Greece—The Hellenic Republic Bank Support Plan").

This direct stake of the Hellenic Republic in us provides the Hellenic Republic, amongst other things, with voting rights at the general meeting of preferred shareholders, the right to appoint a representative to the Board of Directors who has the ability to veto decisions relating to strategic issues or decisions that could have a material impact on our legal or financial status and for which the approval of the General Meeting is required, or decisions referring to the distribution of dividends and the remuneration of our Chairman, Chief Executive Officer, the remaining members of the Board of Directors, the General Managers and their deputies under the relevant decision of the Ministry of Finance, or, in case of decisions that the representative considers detrimental to the interests of the depositors or that may materially affect our solvency and operations. In addition, the representative of the Hellenic Republic has full access to our books and records, restructuring reports and plans for medium-term financing needs, as well as data relating to the level of funding of the economy.

In addition, as part of the Second Economic Adjustment Programme, the Hellenic Republic undertook a series of commitments towards the European Commission regarding Greek banks under the restructuring, including the appointment of a monitoring trustee, who acts on behalf of the European Commission and aims to ensure the compliance of the Bank and its subsidiaries with the aforementioned commitments which are in force during the period of the restructuring plan to be agreed and approved by the EU unless otherwise provided for in the decision of the European Commission Directorate-General for Competition by virtue of which our restructuring plan will be approved. See "—As a recipient of state aid, our operational autonomy is constrained".

The Hellenic Republic also has interests in other Greek financial institutions and an interest in the financial soundness of the Greek banking industry and other industries generally, and those interests may not always be aligned with our commercial interests or the interests of our shareholders. An action supported by the Hellenic Republic may not generally be in our or our shareholders' best interests.

The HFSF as shareholder will have certain rights in relation to the operation of the Bank.

The original IMF/eurozone stabilisation and recovery programme, as established in May 2010, introduced restructuring measures such as the establishment of the HFSF, whose only shareholder is the Hellenic Republic and whose role is to maintain the stability of the Greek banking system by providing capital support in the form of ordinary shares or contingent convertible securities or other convertible securities to credit institutions legally operating in Greece and licenced by the Bank of Greece. The Second Economic Adjustment Programme, as currently in force, and Law 3864/2010 provide the HFSF, through its representative, with rights as shareholders in the credit institutions in which it has committed to participate by means of the share capital increases (see "Regulation and Supervision of Banks in Greece—The Hellenic Financial Stability Fund (HFSF)".

Following the initial contribution in May 2012 to the Bank by the HFSF of €4.7 billion in EFSF notes as an advance for participation in the Group's recapitalisation pursuant to Greek Law 3864/2010, the HFSF appointed two representatives to the Board of Directors. In December 2012, the Bank received as a capital contribution an additional €1.55 billion of EFSF notes from the HFSF, and an additional €570 million of EFSF Notes as an additional advance for participation in the Bank's recapitalisation pursuant to the presubscription agreement, dated 28 May 2012, among the Bank, the HFSF and the EFSF, as amended on 21 December 2012 and 24 April 2013 (the "Presubscription Agreement") as an advance for the ATEbank Acquisition. Pursuant to the terms of the Presubscription Agreement, the HFSF's appointed representatives have the power, among other things: (i) to request the convocation of the General Meeting; (ii) to veto any decision of the Board of Directors (A) regarding the distribution of dividends and the remuneration policy concerning the Chairman, the Managing Director and the other members of the Board of Directors, as well as the general managers and their deputies, following the relevant approval of the Minister of Finance; or (B) where the decision in question could seriously compromise the interests of depositors, or impair the Bank's liquidity or solvency or its overall sound and smooth operation of the Bank; (iii) to request an adjournment of any meeting of the Board of Directors for three business days in order to get instructions from the Executive Committee, following consultation with the Bank of Greece; (iv) to request the convocation of the Board of Directors; and (v) to approve the appointment of the Chief Financial Officer of the Bank. Pursuant to the Presubscription Agreement, the appointed representative of the HFSF also has the following rights: (i) to participate in the meetings of the Audit Committee, the Risk Management Committee, the Human Resources and Remuneration Committee, and the Corporate Governance and Nomination Committee, as well as a committee the Bank responsible for supervising the implementation of the recapitalisation plan which will be approved by the HFSF and

the EU; (ii) to include items on the agenda of the meetings of the Board of Directors and of the committees in which the HFSF's representative participates; and (iii) to be informed monthly by the Executive Committee about all transactions that have a material impact and have not been discussed by the Board of Directors and the committees in which the HFSF's representative participates and to receive the agenda and the minutes of the Executive Committee and the Strategy Committee regarding decisions on transactions having a material impact. These additional rights will remain in effect until the completion of the Ordinary Share Capital Increase. Accordingly, as a result of our participation in the recapitalisation plan, the HFSF will be able to exercise significant influence over us.

As part of the efforts to strengthen the Greek banks' capital and liquidity positions, the HFSF contributed an amount equal to the contribution made by the Hellenic Deposit and Investment Guarantee Fund and thus, like the Hellenic Deposit and Investment Guarantee Fund, has a preferential claim to all other shareholders in the event a bank is liquidated.

In accordance with the provisions of Greek Law 3864/2010, our relationship with the HFSF following the completion of the Ordinary Share Capital Increase will be governed by a relationship framework agreement, as provided in the Memorandum of Economic and Financial Policies, which is expected to come into force in the near term. The relationship framework agreement may contain terms and commitments in addition to those we are already subject to. We intend to inform investors upon execution of the relationship framework agreement in accordance with Law 3340/2005.

Consequently, there is a risk that the HFSF may exercise the rights they have to exert influence over us and may disagree with certain of our decisions relating to dividend distributions, benefits policies and other commercial and management decisions which will ultimately limit our operational flexibility.

The extent of the control of the Bank by the HFSF depends on the participation of the private sector.

If the funds originating from private investors in this Offering, taken together with the €170 million that SG has agreed to invest and the €400 million that BCP will invest (subject to the completion of the MBG Acquisition, which remains subject to antitrust and regulatory approvals and the satisfaction of certain conditions) in our Ordinary Shares, are more than €575.5 million, the HFSF will acquire Ordinary Shares with restricted voting rights, which will allow the HFSF to exercise its voting rights at the general meeting only for resolutions regarding modifications of the Bank's Articles of Association, including: an increase or reduction of the share capital of the Bank; granting a relevant authorisation to the Board of Directors; mergers, divisions, conversions, revivals, extensions of duration or dissolution of the Bank; asset transfers, including sales of subsidiaries; or any other matters that require an increased majority, as explicitly provided under Greek law. The HFSF's shares will be taken into account for the calculation of a quorum only for the aforementioned matters.

If the funds originating from private investors in this Offering are more than €575.5 million, but less than €733.5 million, then we will issue Contingent Convertible Securities pursuant to the provisions of Law 3864/2010 and Cabinet Act No. 38. Contingent Convertible Securities are mandatorily convertible into Ordinary Shares upon the occurrence of certain contingencies. Accordingly, the issuance of these securities and their subsequent conversion could result in the substantial dilution of shareholders' interests. In addition, if the Contingent Convertible Securities are mandatorily converted to Ordinary Shares and we have not successfully completed a share capital increase within six months from the conversion date, including any amounts above par, for an amount equal to at least 10% of the sum of the aggregate nominal value of the Contingent Convertible Securities which were capitalised and the total value of the share capital increase (nominal value plus amount above par), the HFSF is entitled to exercise full shareholder voting rights, which could result in the effective nationalisation of the Bank.

The terms under which the HFSF will participate in this Offering are set out in details under the "The Offering".

The state aid received by the Bank in the form of a commitment letter by the HFSF to participate in the Bank's capital increase and the bridge recapitalisation was only temporarily approved by the European Commission and is subject to further investigation by the European Commission under state aid rules.

Following the Bank's participation in the PSI, which was booked retroactively in our accounts for the fourth quarter of 2011, our capital was significantly diminished: our EBA Core Tier I ratio was

negative 6.4% and the capital adequacy ratio was negative 5.0%. On 20 April 2012, the HFSF provided the Bank with a commitment letter to participate in its share capital increase. On 28 May 2012, the commitment letter was replaced by the Presubscription Agreement through which the HFSF advanced to the Bank €4.7 billion against the total amount of recapitalisation required by the Bank.

Therefore, in the balance sheet as at 31 December 2012, the Bank registered a capital adequacy ratio of 9.7% and a Core Tier I ratio of 9.2%, including the recapitalisation amount of €6.8 billion contributed by the HFSF. The amount of the bridge recapitalisation represented around 15.9% of the Group's Risk Weighted Assets ("RWA") as at 31 December 2012. With the Special Preference Shares injected previously, the total amount of state aid received by the Bank, in forms other than guarantees and liquidity assistance, stood at 17.6% of the Group's RWA as at 31 December 2012.

On 27 July 2012, the European Commission provisionally approved the aid in the form of the commitment letter and the bridge recapitalisation. In the same decision, the European Commission expressed its views and doubts on the fulfilment of certain criteria that apply to such aid assessments relating to (a) the appropriateness, (b) the necessity and (c) the proportionality of the measures. As a result, the European Commission initiated a formal investigation with regard to these measures in order to conduct a more detailed assessment and to allow third parties to submit comments.

In addition, on 27 July 2012, the European Commission provisionally approved and initiated a formal investigation under EU state aid rules, regarding the bridge recapitalisation provided by the HFSF in favour of the other three Greek systemic banks (Eurobank Ergasias S.A., Alpha Bank S.A. and National Bank of Greece S.A.) for reasons of financial stability.

The investigation of the European Commission will take into account the restructuring plan of the Bank, which we are required to submit by July 2013 and which will take into account our recapitalisation and the Geniki Acquisition, the Cypriot Acquisitions and the MBG Acquisition, assuming receipt of all necessary antitrust and regulatory approvals and satisfaction of certain conditions. The ATEbank Acquisition was already incorporated into our initial restructuring plan submitted in October 2012.

Once its investigation is concluded, the European Commission may conclude that the aid provided by the HFSF to the Bank: (i) was in compliance with the applicable state aid rules and consequently to permit it, (such decision may be conditional upon other terms and conditions in addition to the restructuring plan of the Bank which will be proposed by the Hellenic Republic); or (ii) was not in compliance with the applicable state aid rules and therefore will request the return of the bridge recapitalisation to the HFSF.

A negative decision or a positive decision with excessive further conditions on our capital restructuring may have a material effect on our capital ratios and restrict our access to the Eurosystem funding system.

In addition, state aid approval by the EU Directorate-General for Competition requires approval of an amended restructuring plan. Following the execution of the Presubscription Agreement on 28 May 2012, we submitted to the EU Directorate-General for Competition on 31 October 2012 (through the Greek Ministry of Finance) a restructuring plan in accordance with Law 3864/2010. As the restructuring plan we submitted no longer reflects our business because of the Acquisitions, the EU Directorate-General for Competition requested that we revise and resubmit our restructuring plan by the end of July 2013. The revised plan will take into account the participation of the HFSF in our Ordinary Share Capital Increase.

Any inability on our part in the future to meet the terms specified in the revised restructuring plan may result in the European Commission initiating a procedure for misusing of the aid, which may lead the HFSF to recover the restricted voting rights of its ordinary shares in the event the required private sector contribution is achieved in this Offering and may further result in the partial or entire recovery of state aid and/or the imposition of additional conditions, such as the requirement to sell assets or subsidiaries, which would be in line with previous requests to banks in the European Union that have received state aid.

As a recipient of state aid, our operational autonomy is constrained.

In accordance with the commitments undertaken by the Greek government in December 2012 in the Memorandum of Economic and Financial Policies, contained in the First Review of the Second

Adjustment Programme for Greece, in January 2013 monitoring trustees ("Monitoring Trustees") were appointed to all banks under restructuring, including to our bank. The Monitoring Trustees are respected international auditing or consulting firms endorsed by the European Commission on the basis of their competence, their independence from the banks and the absence of any potential conflict of interest. In each credit institution under restructuring, the Monitoring Trustees work under the direction of the EC, within the terms of reference agreed with EC, ECB and IMF staff and the Greek government. They submit quarterly reports on governance and operations, as well as ad hoc reports as needed. They liaise closely with the EC and ECB observers at the HFSF and share their reports with the HFSF. In line with the EU state aid rules, the Monitoring Trustees are responsible for overseeing the implementation of restructuring plans and our compliance with the applicable state aid rules. Under such rules, our operations are restricted so that the state aid does not lead to the distortion of competition. The Monitoring Trustees closely follow the banks' operations and have permanent access to board of directors' meeting minutes, and are observers at the executive committees and other critical committees, including risk management and internal audit functions. KPMG has been appointed as our Monitoring Trustee.

The Monitoring Trustee is responsible for our compliance with Greek Company Law 2190/1920 on *sociétés anonymes*, the corporate governance provisions and with the banking regulatory framework in general, and monitors our organisational structure in order to ensure that our internal audit and risk management departments are fully independent from commercial networks. In order to fulfil the above role, the Monitoring Trustee has the right to attend meetings of our audit committee and risk management committee as an observer, review our annual audit plan and may require additional investigations, receive all reports emanating from our internal control bodies and be entitled to interview any auditor. Furthermore, the Monitoring Trustee monitors our commercial practices, focusing on credit policy and deposit policy. Accordingly, the Monitoring Trustee has the right to attend the meetings of our credit committees as an observer, and monitors the development of our loan portfolio, the maximum amount that can be granted to borrowers, transactions with related parties and other relevant matters. The Monitoring Trustee also has access to all relevant credit files and the right to interview credit analysts and risk officers.

As a result, our management's discretion is subject to further oversight and certain decisions may be constrained by powers accorded to the Monitoring Trustee, which may affect business decisions and development strategies and limit our operational flexibility.

In the future, the HFSF could take control of us even if the required private sector contribution in this Offering is successfully attained.

Even if the required private sector contribution is attained in this Offering, resulting in restricted voting rights for the HFSF, the HFSF could obtain full voting rights in the future and as a consequence we may be controlled by the HFSF. Pursuant to article 7a of Greek Law 3864/2010, the conditions under which where the HFSF may regain its voting rights are the following:

1. if it is ascertained, by a decision of the General Council of the HFSF, that our material obligations provided in the restructuring plan or promoting its implementation, are not met; or
2. if we issue the Contingent Convertible Securities and they are mandatorily converted into Ordinary Shares, and thereafter we do not succeed in completing, within six months from the conversion date of the Contingent Convertible Securities, an increase of our share capital for an amount (which may include premium amounts) at least equal to 10% of the sum of (a) the total nominal value of the Contingent Convertible Securities which have been capitalised and (b) the total value of such share capital increase.

We are required to submit to the HFSF and the European Commission by July 2013 an updated restructuring plan that takes into account the Geniki Acquisition, the Cypriot Acquisitions and the MBG Acquisition, assuming receipt of all necessary antitrust and regulatory approvals and satisfaction of certain conditions. The ATEbank Acquisition was already incorporated into our initial restructuring plan submitted in October 2012. Following the final review of our restructuring plan, the HFSF may include certain additional or revised terms and conditions that are incremental to the ones that we are currently aware of and comply with and which cannot be assessed by us in advance.

In the event the Contingent Convertible Securities are issued they will be mandatorily converted into Ordinary Shares in certain scenarios, such as: (a) five years after their issue date; (b) in the event we do not pay the interest due on the Contingent Convertible Securities; (c) if a resolution is passed regarding our support by the public sector or regarding other respective support without which we are not viable at the discretion of the Bank of Greece (excluding the HFSF's support in the context of the current increase); (d) if our Core Tier I ratio, for which the Recommendation of the European Banking Authority under EBA/REC/2011/1 provides, becomes lower than 7%; and (e) in the event of the enactment of a new legal provision or regulation, by virtue of which the Contingent Convertible Securities cease to be calculated in our Core Tier I Capital and we have either not repaid the Contingent Convertible Securities, including any accrued interest, in accordance with the instructions by the Bank of Greece, or have not agreed with the HFSF, at least 15 days prior to the implementation of the aforementioned new law or regulation, the amendments to the terms of the Contingent Convertible Securities so that they are included in the Core Tier I capital.

The mandatory conversion of the Contingent Convertible Securities will also further dilute the private sector's ownership of the Bank's share capital.

In the event Contingent Convertible Securities are issued to the HFSF, we may need to pay dividends or returns to the holders of certain financial instruments of the same or higher ranking.

If Contingent Convertible Securities are issued, we shall pay 7% interest in the first year, with a 0.5% annual step -up. In the event we elect not to pay interest the bonds will be mandatorily converted into shares (see "—In the future, the HFSF could take control of us even if the required private sector contribution in this Offering is successfully attained"). So long as any of the Contingent Convertible Securities are outstanding, we will not distribute dividends to holders of our Ordinary Shares and such funds will be used to pay interest and principal to the holders of the Contingent Convertible Securities and holders of other financial instruments of the same or higher ranking.

Cancellation or changes in the operational framework of the EFSF or the HFSF or in our participation in their programmes could have a material adverse effect on our financial performance.

The cancellation of or material change to the programmes of the EFSF or the HFSF schemes (the "Supporting Programmes"), or our exclusion from the supporting programmes, could create uncertainty regarding our creditworthiness, which could lead to increased outflows of customers' deposits and negatively affect the terms on which we have access to alternative sources of financing. Our financial position may be affected by significant changes in the cost of participating in the Supporting Programmes, which could be effected through a decision made at the discretion of the Minister of Finance and the European Commission. The current cost of participating in the Supporting Programmes, which may be further increased, has negatively affected our net income through interest rates and can negatively affect our financial results so long as we continue participating in the Supporting Programmes.

Our businesses, earnings and financial condition have been and will continue to be affected by the global economy and by the instability in global financial markets.

Results of operations, both in Greece and internationally, in the past have been, and in the future may continue to be: materially affected by many factors of a global nature, including political and regulatory risks; the state of public finances; the availability and cost of capital; the liquidity of global markets; the level and volatility of equity prices, commodity prices and interest rates; currency values; the availability and cost of credit; inflation; the stability and solvency of financial institutions and other companies; investor sentiment and confidence in the financial markets; or a combination of these factors.

We are exposed to risks potentially faced by our financial counterparties and by the financial sector at large.

We routinely transact with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, mutual funds and other institutional clients. Sovereign credit pressures may weigh on Greek financial institutions, limiting their funding operations and weakening their capital adequacy by reducing the market value of their sovereign and other fixed income holdings. These liquidity concerns have negatively affected, and may continue to negatively affect, inter-institutional financial transactions in general. Many of the routine transactions we enter

into expose us to significant credit risk in the event of default by one of our significant counterparties. In addition, our credit risk may be exacerbated when the collateral we hold cannot be realised upon or is liquidated at prices not sufficient for us to recover the full amount of the loan or derivative exposure. A default by a significant financial counterparty, or liquidity problems in the financial services industry in general, could have a material adverse effect on our business, financial condition and/or results of operations.

Non-performing loans and past due loans have had a negative impact on our operations and may continue to do so.

NPLs increased significantly in 2012 (including the NPLs of the ATEbank Acquired Business and Geniki Bank S.A., which we acquired in the second half of 2012) and represented approximately 23% of our total customer loan portfolio as at 31 December 2012 (23% relating to Greek operations). Past due loans (i.e. loans more than 90 days past due) represented 32% of our loans as at 31 March 2013 compared to 23% as at 31 December 2012. The effect of the economic crisis in Greece, the implementation of the Second Economic Adjustment Programme and the negative macroeconomic conditions in the countries in which we operate may result in adverse changes in the credit quality of our borrowers, with increasing delinquencies and defaults. Moreover, as a result of the financial crisis, and for the protection of the weaker debtors, foreclosure actions have been suspended until 31 December 2013 in cases where either the outstanding balance does not exceed €200,000, or, subject to limited exceptions, in cases involving the primary residence of an individual (see "Regulation and Supervision of Banks in Greece"). The events and uncertainties mentioned above can lead to additional NPL generation, an increase of future provisions for NPLs and a significant loss of our revenue, which could materially and adversely affect our financial condition and operating results.

Our financial performance has been and will be affected by borrower credit quality.

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of our businesses. If there is a further deterioration in economic and market conditions in one or more of the markets in which we operate, this could worsen the credit quality of our borrowers and counterparties. In Greece and in the other countries in which we operate, we may continue to see adverse changes in the credit quality of borrowers and counterparties, with increasing delinquencies, defaults and insolvencies across a range of sectors, particularly in the real estate market where our exposure is significant due to mortgage loans. These trends and risks have led and may lead to further and accelerated impairment charges, higher costs, additional write-downs and losses for us.

Volatility in interest rates may negatively affect our net interest income and have other adverse consequences.

Interest rates are highly sensitive to many factors beyond our control, including monetary policies and domestic and international economic and political conditions. Additional events may affect the volatility of interest rates in Greece and in the other countries in which we operate. The cost of our funding is at risk of increasing due to the increased funding by the ECB and the adverse liquidity conditions existing in the domestic deposit market.

Changes in market interest rates could affect the spread between interest rates we charge on our interest-earning assets and the interest rates we pay on our interest-bearing liabilities, which may reduce our net interest income. Given that the majority of our lending is refinanced within a year, rising interest rates may also result in an increase in our impairment losses on loans and advances if customers cannot service or refinance their loans in a higher interest rate environment. Furthermore, an increase in interest rates may impair customers' ability to repay their obligations in light of the existing financial situation.

We may incur significant losses on our trading and investment activities due to market fluctuations and volatility.

We maintain trading and investment positions in debt securities, foreign exchange, equity and other markets. These positions could be adversely affected by volatility in financial and other markets and in Greek sovereign debt, creating a risk of substantial losses. Volatility can also lead to losses relating to a broad range of the other trading and hedging products we use, including swaps, futures, options and

structured products. Significant reductions in estimated or actual values of our assets have occurred from previous events in the market.

Continued volatility and further fragmentation of certain financial markets may affect our financial position, operating results and prospects. In the future, these factors may have an influence on day-to-day valuations of our financial assets and liabilities, recorded at fair value. In addition, volatility could lead to further impairment losses, including impairment of our investment in Greek government securities. Our investment portfolio represented 7% of our total assets as at 31 December 2012 (€4.8 billion), and consists of Greek treasury bills, which represent 4.1% of our total assets (€2.9 billion) and Greek government bonds, which represent 2% of our total assets (€1.4 billion). For further information in relation to the exposure to market risk for these portfolios, please see "Risk Management—Market Risk".

Our hedging strategies may not be effective in preventing losses.

If any of the variety of instruments and strategies that we use to hedge our exposure to various types of risk in our businesses is not effective, we may incur losses. Many of our strategies are based on historical trading patterns and correlations. Unexpected market developments may therefore adversely affect the effectiveness of our hedging strategies. Moreover, we do not hedge all of our risk exposure in all market environments or against all types of risk. In addition, the manner in which gains and losses resulting from certain hedges are recorded may result in additional volatility in our reported earnings. We do not ordinarily hedge the credit exposure on our Greek government bond portfolio. The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates which may change over time or which may not be accurate.

The value of certain financial instruments recorded at fair value is determined using financial models that incorporate assumptions, judgements and estimates which may change over time or not be accurate.

In establishing the fair value of certain financial instruments, we rely on quoted market prices or, where the market for a financial instrument is not sufficiently active, internal valuation models that utilise observable financial market data. In certain circumstances, the data for individual financial instruments or classes of financial instruments utilised by such valuation models may not be available or may become unavailable due to changes in financial market conditions. In such circumstances, our internal valuation models require us to make assumptions, judgements and estimates to establish fair value. In common with other financial institutions, these internal valuation models are complex, and the assumptions, judgements and estimates we are required to make often relate to matters that are inherently uncertain, such as expected cash flows. Such assumptions, judgements and estimates may need to be updated to reflect changing facts, trends and market conditions. The resulting change in the fair values of the financial instruments could have a material adverse effect on our earnings and financial condition. Also, recent market volatility and illiquidity has challenged the factual bases of certain underlying assumptions and has made it difficult to value certain of our financial instruments. Valuations in future periods, reflecting prevailing market conditions, may result in changes in the fair values of these instruments, which could have an adverse effect on our results, financial condition and prospects.

We are exposed to credit risk, market risk, operational risk and liquidity risk.

As a result of our activities, we are exposed to a variety of risks, among the most significant of which are credit risk, market risk, operational risk and liquidity risk. Failure to control these could result in material adverse effects on our financial performance and reputation.

Credit Risk. Credit risk is the risk of financial loss to us arising from the possible inability and/or unwillingness of obligors to fulfil their contractual or transactional obligations. At present, credit risk is the most significant risk for us. Our overall exposure to credit risk arises primarily from the approved credit limits and financing of corporate and retail credit, from our investment and trading activities, from trading in derivative markets, as well as placements of securities and transaction settlements. The degree of risk involved in every credit exposure depends on many factors, including the general conditions of the economy and the market, the financial position of our borrowers, the amount, type and duration of our exposure, and the existence of collateral and security.

Market Risk. Market risk is the risk of economic losses to us due to adverse changes in market rates or prices, such as interest rate changes, foreign exchange rate changes, equity/debt security price and commodity price changes. Interest rate risk is the main source of market risk for us, because unexpected changes in interest rates may adversely affect our results by changing our net interest income and the value of other income or expense susceptible to changes in interest rates. Changes in interest rates also affect the value of assets and liabilities, since the present value of future cash flows, and in some cases, the cash flows themselves change when interest rates change. Similarly, unexpected adverse changes in currency markets may affect the value of our assets and liabilities denominated in foreign currency, potentially leading to a decrease in operating income and net position. Movements in the financial markets may cause fluctuations in the value of our investment and trading portfolios. However, it is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on our financial performance and business operations.

Liquidity Risk. Liquidity risk is our potential inability to anticipate and take appropriate measures to deal with unforeseen decreases or changes in funding sources which could adversely affect our ability to fulfil our financial obligations when they fall due. The management of liquidity risk refers to our ability to maintain sufficient liquidity to meet our payment obligations when they fall due.

Operational Risk. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This would include losses that are caused by a lack of controls within internal procedures, violations of internal policies by employees, the unavailability of IT systems, natural disasters (such as floods or earthquakes) or malicious acts by third parties (such as robberies or terrorist activity). Furthermore, we recognise the risk of legal and regulatory sanctions, financial loss and / or impacts on our reputation, which may result from a breach or non-compliance with the legal and regulatory framework, contractual obligations and codes of conduct related to our activities.

For more information about our risk management, see "Risk Management".

Increased competition from Greek and foreign banks in the markets in which we operate could affect our market position, business, financial condition or results of operations.

The general scarcity of wholesale funding since the onset of the economic crisis has led to a significant increase in competition for retail deposits in Greece. We also face competition from foreign banks, some of which have resources significantly greater than our own. We cannot be certain that other banks, including Greek banks or foreign banks, will not enter the Greek market or any of the international markets in which we operate or that our competition with existing banks will not intensify. Further, if our competitors increase their performance relative to our own, we might be unable to compete successfully and maintain our present market position. Our failure to compete successfully with our present competitors or any future entrants in the Greek domestic market or any of the international markets in which we operate, could have a material adverse effect on our lending margins, business, financial condition, cost of funding and/or results of operations.

We may not be able to preserve our customer base.

Our success depends on our capacity to maintain high levels of loyalty among our customer base and to offer a wide range of competitive and high-quality products and services to our customers. Moreover, we seek to maintain long-term financial relations with our customers. Nevertheless, high levels of competition in Greece and in other countries in which we operate, and an increased emphasis in cost reduction may result in an inability to maintain the high loyalty levels of our customer base, in providing competitive products and services, or of maintaining high customer service standards, each of which may adversely affect our business, financial condition, results of operations and prospects.

We are subject to complex regulation, which may change in future periods and which may negatively affect our business.

We are subject to financial services laws, regulations, administrative actions and policies in each location in which we operate. All of these are subject to change, particularly in the current market environment, where there have been unprecedented levels of government intervention and changes to the regulations governing financial institutions. In response to the global financial crisis, national

governments as well as supranational groups, such as the EU, have been considering significant changes to current regulatory frameworks, including those pertaining to capital adequacy and the scope of banks' operations. As a result of these and other ongoing and possible future changes in the financial services regulatory landscape (including requirements imposed by virtue of our status as a systemic bank in Greece or our participation in any government or regulator-led initiatives, such as the Hellenic Republic Bank Support Plan), we may face greater regulation in the Hellenic Republic and in other regions in which we operate. See "Regulation and Supervision of Banks in Greece". Current and future regulatory requirements may vary among each of these countries and / or even requirements applicable in the European Economic Area may apply or be implemented differently in different areas.

Our compliance with the new regulatory frameworks may increase our regulatory capital requirements, liquidity needs and costs, heighten our disclosure requirements, restrict certain types of transactions, affect our strategy and restrict or require the modification of rates or fees that we charge on certain loans and other products and consequently reduce the return on our investments, assets and equity. We may also face increased compliance costs and limitations on our ability to pursue certain business opportunities. The new regulatory framework may have a broad scope and entail significant changes and unforeseen consequences in the global financial system, the Greek financial system or our business, including increasing general uncertainty in the markets, increasing competition or favouring/ disfavouring certain lines of business. We are unable to predict the consequences of any such changes on our business, cash flows, financial condition and future prospects.

The regulatory framework for the banking system in Greece has significantly changed over the past few years, largely due to the implementation of various EU Directives and the economic crisis in Greece. In addition, a number of regulatory initiatives have recently been proposed, which would significantly alter our regulatory capital requirements. See "—Our capital adequacy requirements may increase as a result of changes in legislation and regulation".

The planned creation of a deposit guarantee system applicable throughout the European Union may result in additional costs to us.

The harmonisation of the deposit guarantee systems will represent significant changes to the mechanisms of the deposit guarantee systems currently in force in individual countries. Harmonisation of the deposit guarantee systems contemplates increasing *ex ante* funding to approximately 75% of total funds and increasing the target levels of the deposit guarantee systems to 2% of eligible deposits. Currently, the Greek deposit guarantee system guarantees up to 2.7% of eligible deposits (one of the highest in the EU).

If the contributions by the European Commission for the deposit guarantee scheme are higher than the ones currently in place in Greece and in the other countries in which we operate, this may result in us increasing our contributions in this scheme which, in turn, may adversely affect our operating results.

Although the harmonisation of the deposit guarantee systems is currently expected to maintain the level of coverage at €100,000, the pressure on EU authorities to simplify eligibility criteria and put swifter payment procedures into place may lead to additional adjustments in the level and scope of coverage, resulting in higher bank contributions to the deposit guarantee schemes.

Our capital adequacy requirements may increase as a result of changes in legislation and regulation.

In the context of the global financial crisis, governments and inter-governmental organisations such as the EU and the Basel Committee on Banking Supervision, have introduced a number of legislative and regulatory initiatives, which are expected to materially change the current regulatory framework for credit institutions on capital adequacy, liquidity and the range of activities of banks. As a result of recent, upcoming and other subsequent changes in the regulatory environment, we may be required to comply with stricter regulations on capital adequacy in Greece and abroad.

During 2011 and 2012, the Governor of the Bank of Greece issued a series of Acts ("Bank of Greece Governor's Acts") aiming to further strengthen the supervisory framework for credit institutions and incorporate specific EU Directives. Specifically, the Bank of Greece adopted the following acts:

- Bank of Greece Governor's Act 2645/09.09.2011 ("Redefinition of calculation rules on capital requirements for securitisation exposures / resecuritisation");

- Bank of Greece Governor's Act 2646/09.09.2011 ("Update of calculation rules on market risk capital requirements for credit institutions");
- Bank of Greece Governor's Act 2651/20.01.2012 ("Regulatory data and information that credit institutions are required to report periodically to the Bank of Greece");
- Bank of Greece Governor's Act 2655/19.03.2012 ("Technical criteria relating to the transparency and the disclosure of information relating to the prudential supervision of credit institutions"); and
- Bank of Greece Governor's Act 2661/03.07.2012, which amends a number of Bank of Greece Governor's Acts relating to the capital adequacy and the measurement of regulatory capital of exposures and risks of the credit institutions.

In March 2013, the Bank of Greece issued the Executive Committee Act 13/28.03.2013 ("Determination of Core Tier I for risk-weighted assets"), pursuant to which the minimum Core Tier I ratio was set at 9%. The provisions of this Act took effect on 31 March 2013.

In December 2010, the Basel Committee on Banking Supervision issued its final proposals on the reform of capital and liquidity requirements ("Basel III"). Certain of the Basel III proposals are expected to be phased in until 2019 and may also lead to higher capital requirements for us. Among other changes, Basel III proposes to:

- upgrade the quality, consistency and transparency of the capital base;
- introduce a leverage ratio;
- enhance the coverage of counterparty credit risk in the capital adequacy framework;
- implement a capital conservation buffer; and
- implement an international standard with regard to minimum short and longer term liquidity in the banking sector.

The European Parliament and the Council are expected to adopt a newly proposed Directive and Regulation (also known as "CRD IV": "European Commission, Proposal of European Parliament and Council of Europe on the Prudential Supervision of Credit Institutions and Investment Firms, 20 July 2011"), with the goal of implementing Basel III. Under the proposed CRD IV:

- the minimum common equity capital ratio is expected to gradually rise to 4.5% in 2015;
- the minimum Tier I capital ratio will gradually rise to 6% in 2015; and
- the banks will be required to gradually increase their capital conservation buffer to 2.5% by 2019 beyond existing minimum equity, raising the minimum common equity capital ratio to 7% and the total capital ratio to 10.5% in 2019.

Although it is difficult to predict with certainty the impact of recent regulatory developments on us, the legislation and regulations in the EU, Greece and other parts of Europe in which we operate may lead to an increase in our capital requirements and capital costs and have negative implications for our activities, products and services offered, the value of our assets, our operating results and financial condition or loss of value of the Ordinary Shares.

These and other future changes to capital adequacy and liquidity requirements in Greece and the other countries in which we operate may require us to raise Core Tier I, Additional Tier I and Tier II capital by way of further issues of securities, and could result in existing Tier I and Tier II securities issued by us ceasing to count towards our regulatory capital, either at the same level as at present or at all. The requirement to raise Core Tier I capital could have a number of negative consequences for us and our shareholders, including impairing our ability to pay dividends on or to make other distributions in respect of Ordinary Shares and diluting the ownership of our existing shareholders. If we are unable to raise the requisite Tier I and Tier II capital, we may be required to further reduce the amount of our risk-weighted assets and engage in the disposal of core and other non-core businesses, which may not occur on a timely basis or achieve prices which would otherwise be attractive to us.

As at 31 March 2013, our Tier I and Equity Tier I ratios were 14.9% and 14.8%, respectively. Any change that limits our ability to effectively manage our balance sheet and capital resources going forward (including, for example, reductions in profits and retained earnings as a result of write-downs

or otherwise, increases in risk-weighted assets, delays in the disposal of certain assets or the inability to syndicate loans as a result of market conditions, a growth in unfunded pension exposures or otherwise) or to access funding sources could have a material adverse effect on our financial condition and regulatory capital position or result in a loss of value in the New Shares.

We may have to revise downward the value of the deferred tax assets recognised in our financial statements.

In accordance with International Accounting Standards, the Group has recognised deferred tax assets in its accounts. Pursuant to and within the limits of IAS 12, deferred tax assets can be recognised with regard to (i) deductible timing differences (where there are expenses that are deductible in the financial statements for the entire financial year and tax deductible in subsequent financial years, upon the occurrence of certain events or on a pro rata basis); (ii) previous fiscal losses; and (iii) unused tax credits.

As at 31 March 2013, deferred tax assets totalled €2,435.7 million, relating mainly to tax losses in the year, as well as to the recognition of income in the profit or loss account arising from the additional deferred tax that related to PSI losses recognised in 2011. In accordance with IAS 12, as at the reference date of each balance sheet, the Group reviews its probable future taxable income to determine the availability of the deferred tax assets previously recognised. The model used to calculate the future taxable base is based on the fiscal rules in force and is applied taking into consideration the latest approved multi-year plans. This is heavily influenced by the macroeconomic and market context.

It is therefore possible that, if such a review revealed an insufficient future taxable base, the Group may have to revise downwards the value of the deferred tax assets recognised in the financial statements, which would have a significant negative effect on business, prospects, financial condition and results of operations.

We may need to record impairment losses on goodwill and other intangible assets.

After carrying out several business combinations in accordance with International Accounting Standards, we recorded under assets any goodwill relating to the entities acquired, understood as the positive difference between the acquisition cost and the fair value of the assets and liabilities acquired, as well as other intangible assets arising from business combinations. Pursuant to IAS 36, we carry out systematic checks on the recoverability of the value of the goodwill and other intangible assets described above (impairment tests) on an annual basis. These checks are also carried out in connection with interim results if certain events or circumstances indicate the possibility of an impairment loss, in accordance with International Accounting Standards. For the purposes of the impairment tests, goodwill has been allocated in the accounts to the business divisions into which the Group is divided, which do not necessarily coincide with the individual legal entities. The intangible assets recorded in connection with software development and IT platforms are subject to periodic revision and are amortised from the date they enter the production process.

The parameters and information used to check the recoverability of the goodwill (particularly the forecast cash flows of the business divisions and the discount rates used) are heavily influenced by the macroeconomic and market context, which could undergo changes that cannot be predicted as at the date of this offering memorandum. The effect of such changes on the estimated cash flows of the various business divisions and on the main assumptions adopted could therefore lead in future financial years to different results from those at 31 March 2013, possibly resulting in impairment losses on goodwill, with a significant impact on our business, prospects, financial condition and results of operations.

Changes in consumer protection laws might limit the fees that we may charge in certain banking transactions.

Changes in consumer protection laws, court decisions on lawsuits filed against us and government acts in Greece and/or other jurisdictions where we have operations could limit the fees that banks may charge for certain products and services, including, but not limited to, mortgages, unsecured loans, credit cards and deposit accounts and term deposits. If introduced, such laws could reduce our total income, although the amount of any such reduction cannot be estimated at this time. Such changes may have an adverse effect on our business activity, results of operations and financial condition.

Applicable bankruptcy laws and other laws and regulations governing creditors' rights in Greece may limit our ability to obtain payments on defaulted credits.

Certain bankruptcy laws and other laws and regulations governing creditors' rights in Greece are likely to offer less protection for creditors than the bankruptcy regimes in Western Europe and the United States. In Greece, according to Law 3869/2010, individuals who are unable to refinance their debt may request the settlement of their debt, or their discharge from part of it, by submitting a relevant application to the competent courts. In the context of the current legislation and due to the prolonged Greek economic crisis it is possible that judicial decisions will write down significant portions of the debt due to the financial inability of debtors or will defer the payment for a period of time. In addition, because of the existing legislation relating to the valuation of collateral that is liquidated through enforcement procedures, the difficulties in liquidating collateral have increased and the auctions for debts of less than €200,000 or secured by the main residence of the debtor have been suspended until 31 December 2013. It is probable that the aforementioned extension of the suspension of auctions will be renewed in the future. If the current economic downturn persists or worsens, bankruptcies could intensify, or applicable bankruptcy protection laws and regulations may change to limit the impact of the recession on corporate and retail borrowers. The potential amendments may result in new long-term arrangements and settlements under Law 3869/2010. The range of individuals benefitting from the law may widen, so as to also include individuals who conduct a personal business. Such changes may have an adverse effect on our business, results of operations and financial condition.

We could be subject to additional taxes, including a financial transaction tax.

Due to the uncertainty regarding the success of the Second Economic Adjustment Programme for Greece, new taxes/charges may be imposed, such as a "one-off" taxation on profitable companies, and existing taxes may be increased. In the past, we have incurred both recurrent and "one-off" taxes. In addition Greece is one of the eleven EU Member States that agreed on the implementation of a financial transaction tax (the "FTT"). The other Member States include Belgium, Germany, Estonia, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia. According to a proposal adopted by the European Commission in October 2012, the FTT will enter into force on 1 January 2014, subject to further agreements by the European Council. Any additional taxes or levies or any increase of existing taxes or levies may have a material adverse effect on our business, financial condition and results of operations.

The proposed scope of the FTT is wide and imposes a charge on all financial transactions, including the purchase and sale of financial instruments and structured products, including shares; this charge will be levied at not less than 0.1% of the sale price (or, in some circumstances, the market price determined at arm's length at the time the FTT becomes chargeable). The proposed FTT also imposes a charge on the conclusion of a derivative; this charge will be levied at not less than 0.01% of the nominal amount of the derivative. In both cases the charge will be applied separately to each financial institution that is party to a transaction; if a financial institution does not pay the tax then its counterparty will be jointly and severally liable. The rates set out above are only minimum rates and accordingly may be set higher by the participating Member States, potentially substantially increasing the impact of the FTT.

Even though it is proposed that the FTT is to be introduced only in the participating Member States, it could impact financial institutions operating inside and outside the eleven participating Member States. The FTT could be payable by us in connection with transactions forming part of our business, or by investors in connection with transactions contemplated by this Offering Memorandum, if the FTT is introduced and the conditions for a charge to arise are satisfied. Prospective investors are strongly advised to seek their own professional advice in relation to the possible impact of the FTT.

Any disruption of our operations caused by strikes or other types of industrial action could have a material adverse effect on our business, results of operations and financial condition.

Most of our employees in Greece belong to labour unions and the Greek banking industry has been subject to strikes over the issues of pensions and wages. Bank employees throughout the Hellenic Republic went on strike for nine days in 2011 and 12 days in 2012. The number of days Bank employees went on strike increased in 2012 in relation to 2011, largely as a result of opposition to the new austerity measures implemented in light of the Second Economic Adjustment Programme. Prolonged labour unrest could have a material adverse effect on our operations in the Hellenic

Republic, either directly or indirectly, e.g. on the willingness or ability of the government to pass the reforms necessary to successfully implement the Second Economic Adjustment Programme.

An increase in the scale and duration of strikes due to economic and financial developments in Greece could have a material adverse impact on our business activities. As at 31 March 2013, we had 23,850 employees, compared to 18,872 as at 31 December 2012 and 12,806 as at 31 December 2011.

We may have to bear additional costs in regard to staff costs.

Under the measures for the implementation of our strategy, we might reduce, albeit gradually, the number of employees in Greece or other countries, particularly through voluntary mechanisms, as termination by mutual agreement or, to the extent legally possible, early retirement. This could imply additional restructuring expenditure in terms of staff costs. We cannot guarantee that these measures or any other future action relative to the implementation of our strategy will not imply disputes, disturbances to the Bank's activity or other adverse effects on our business, financial condition and/or results of operations.

An interruption in or a breach of security in our information systems may result in lost business and other losses.

A significant part of our operations is based on the processing, transfer and storage of information, through the use of integrated information systems and telecommunication systems. Moreover, we keep large amounts of sensitive data, such as data on customers and their transactions.

We face significant business risks deriving from our increasing dependence on our integrated information systems, the increasing interconnection between such systems and clients or third parties, the continuous organisational and technological changes imposed by business needs and the daily appearance of new technological or other threats. Such risks include unauthorised access, loss or destruction of data (including clients' confidential information), account hacking, the unavailability of services, computer viruses or other malicious codes, cyber-attacks, and other logical security incidents. Such threats may originate from human error, fraud or intentional actions on the part of employees, associated companies or third parties, or from random technological failure.

Any failure or interruption or breach in security of these systems could result in failures or interruptions in our customer relationship management, general ledger, deposit, servicing and/or loan organisation systems. We cannot provide assurances that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failures or interruptions could result in a loss of customer data, disclosure of confidential information, legal liability and an inability to service our customers, which could have a material adverse effect on our business, reputation, results of operations and financial condition.

Our loan portfolio may continue to shrink.

In the current economic environment, our loan portfolio in Greece may continue to shrink despite the contributions of the Acquired Businesses and our loan portfolio abroad may not continue to grow at historical rates or may even decrease. Furthermore, in our target markets, there are a limited number of customers of high creditworthiness. Developments regarding our loan portfolio will be affected by, among other factors, the condition of the Greek economy in light of the financial crisis and the Second Economic Adjustment Programme. The ongoing decline of the loan portfolio, combined with NPLs, could limit net interest income, which in turn could have a material adverse effect on our business, financial position and results of operations.

Transactions in our own portfolio involve risks.

We carry out various proprietary activities, including the placement of deposits denominated in euro and other currencies in the interbank market, as well as trading in primary and secondary markets for government securities. The management of our own portfolio includes taking positions in fixed income and equity markets, both through spot and derivative products and other financial instruments. Trading on account of our own portfolio carries risks, since our results depend partly on market conditions. Moreover, we rely on a vast range of reporting and internal management tools in order to be able to report our exposure to such transactions correctly and in due time. Future results arising from trading on account of our own portfolio will depend partly on market conditions, and we may

incur significant losses which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We, like any other credit institution, are exposed to the risk of fraud and illegal activities of any form, which, if not dealt with in a timely manner and successfully, could have negative effects on our business, financial condition results of operations and prospects.

We are subject to rules and regulations related to money laundering and terrorism financing. Compliance with anti-money laundering and anti-terrorist financing rules entails significant cost and effort. Non-compliance with these rules may have serious consequences, including adverse legal and reputational consequences. Although we believe that our current anti-money laundering and anti-terrorism financing policies and procedures are adequate to ensure compliance with applicable legislation, we cannot guarantee that they will comply at all times with all rules applicable to money laundering and terrorism financing as extended to the whole Group and applied to its staff in all circumstances. A possible violation, or even any suspicion of a violation of these rules, may have serious adverse legal and financial impacts, which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

We may not be able to recruit or retain experienced and/or qualified personnel.

Our competitive position depends, in part, on our ability to continue to attract, retain and motivate qualified and experienced banking and management personnel. Compensation, benefits and incentives provided by us are in line with business strategy, supervisory requirements and the relevant job market. Current economic and financial developments in Greece may adversely affect our ability to attract and/or retain experienced and qualified personnel because of:

- reductions in compensation and benefits as a result of the economic situation;
- supervisory restrictions on bonus payments to members of the Board of Directors, the Managing Directors and any general managers or their substitutes under the terms of the Hellenic Republic Bank Support Plan;
- the current deterioration of the outlook and attractiveness of the banking industry as a job market; and
- the professional mobility and relative scarcity of capable executives observed during periods of financial crisis and typically more so during phases of economic recovery.

Furthermore, under the terms of the Hellenic Republic Bank Support Plan, as currently applicable, we are prohibited from paying bonuses to the members of the Board of Directors, the Chief Executive Officer and any general managers or their substitutes. Furthermore, as a result of the economic crisis and regulatory restrictions on bonus payments, we are limiting or restricting the bonuses we pay our personnel, which may inhibit the retention and recruitment of qualified and experienced personnel. The inability to recruit and retain qualified and experienced personnel in the Hellenic Republic and SEE, or to manage our current personnel successfully, could adversely affect our business, financial condition, results of operations and prospects.

The loss of senior executives could adversely affect our ability to implement our strategy.

Our current senior management team includes a number of executives that we believe contribute significant experience and expertise to our management in the banking sectors in which we operate. The continued success of our business and our ability to execute our business strategy will depend, in large part, on the efforts of our senior management. If a substantial portion of our senior management leaves us, our business may be adversely affected.

Risk Relating to our Reputation

Our profitability and funding may lead our customers, counterparties, shareholders, investors or supervisory authorities to develop a negative perception of us.

The critical and complicated macroeconomic developments, intense public scrutiny of the financial sector and the increased flow of information and news on crucial banking issues (liquidity, capital adequacy, safeguarding of deposits and prospects) may cause misunderstandings and negative news for the sector and for us. Potential negative news regarding our reputation and corporate image, due to these or other factors and circumstances, may reduce our ability to attract and retain depositors and investors.

Risks Relating to the Markets

Our share price has been, and may continue to be, volatile.

The market price of our Ordinary Shares has been subject to volatility in the past, and could be subject to wide fluctuations in response to numerous factors, many of which are beyond our control. These factors include, among others, the following:

- the condition of the Greek economy and the budget deficit;
- political and social instability in the country;
- the perceived stability of the European Monetary Union;
- the economic conditions in the countries where we operate;
- actual or anticipated fluctuations in our operating results;
- the results of operations of our competitors;
- our capital adequacy and the capital adequacy of our competitors;
- potential changes in banking regulatory regimes;
- the condition of the eurozone countries;
- the potential or actual sales of large amounts of our Ordinary Shares into the market;
- our competitors' market positions;
- changes in financial estimates by securities analysts;
- conditions and trends in the banking sector in Greece and abroad; and
- the general state of the securities markets (with particular emphasis on the ATHEX, SEE stock exchanges and the financial services sector).

The ATHEX is less liquid than other major exchanges.

The trading market for our Ordinary Shares is the ATHEX. The ATHEX is less liquid than major stock markets in Western Europe and the United States. As a result, the holders of our Ordinary Shares may have difficulty engaging in share purchases and sales especially if they wish to engage in large -volume transactions. We cannot make assurances about the future liquidity of the market for our Ordinary Shares. In 2012, the average daily volume in the ATHEX amounted to approximately €52 million.

On 28 March 2013, the total value of all shares listed on the ATHEX amounted to approximately €33.5 billion. Our market capitalisation as at 31 March 2013 amounted to €223 million, corresponding to approximately 0.5% of the total market capitalisation of all companies listed on the ATHEX. We cannot provide any assurance regarding the future marketability of our Ordinary Shares in the market.

The exercise of pre-emptive rights may not be available to U.S. holders of our Ordinary Shares.

Under Greek law and our Articles of Association, prior to the issue of any new Ordinary Shares, we must offer holders of our existing Ordinary Shares pre-emptive rights to subscribe and pay for a sufficient number of Ordinary Shares to maintain their existing ownership percentages.

These pre-emptive rights are generally transferable during the rights trading period for the related offering and may be traded on the ATHEX.

U.S. holders of our Ordinary Shares may not be able to receive and trade or exercise pre-emptive rights for any such offering of Ordinary Shares unless a registration statement under the Securities Act is effective with respect to such rights or an exemption from the registration requirements of the Securities Act is available. We will not be filing any registration statement.

If U.S. holders of our Ordinary Shares are not able to receive (and trade) or exercise pre-emptive rights granted in respect of their Ordinary Shares in any rights offering by us, then they might not receive the economic benefit of such rights. In addition, their proportional ownership interests in us may be diluted.

Exchange rate fluctuations could have a significant impact on the value of our Ordinary Shares.

The market price of our Ordinary Shares traded on the ATHEX is denominated in euro. Fluctuations in the exchange rate between the euro and other currencies may affect the value of our Ordinary Shares in the local currency of investors in the United States and other countries that have not adopted the euro as their currency. Additionally, cash dividends on our Ordinary Shares are paid in euro and are, therefore, subject to exchange rate fluctuations when converted to an investor's local currency.

Risks Relating to the Acquisitions

Potential liabilities may result in a write-down of assets, charges or other expenses that are higher than expected.

In the process of integrating the Acquired Businesses, we may discover issues relating to the Acquired Businesses, including legal, regulatory, control, compliance and operational issues that may have a material adverse effect on our business, results of operations, financial condition and reputation. In particular, events and circumstances leading to the ATEbank Acquisition and the Cypriot Acquisitions were such that we were not able, despite our best efforts, to apply our normal due diligence procedures to the operations, risks, uncertainties, liabilities, assets and prospects of the businesses acquired in the ATEbank Acquisition and the Cypriot Acquisitions. We were therefore unable to verify the accuracy and completeness of the information provided to us prior to the relevant acquisitions and, despite the passage of time and the partial integration of those businesses into our business, we may still be unaware of material liabilities, risks and uncertainties relating to those businesses. As a result, liabilities associated with any or all of the Acquired Businesses, including provisions, may be substantial and may exceed the amount of liabilities we anticipate.

Our assessment of the risks presented by the Acquisitions may not be accurate. Should circumstances arise that we did not identify, anticipate or correctly evaluate, any necessary provisions, write-downs, charges or other expenses could be significant and could lead to significant losses, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may not realise expected cost and revenue synergies from the Acquisitions

We expect to realise significant synergies in connection with the Acquisitions, which we estimate, on a fully phased, pre-tax basis to be approximately €547 million per annum beginning three years from the Acquisitions. The synergies are expected to be driven mainly by cost savings, both operational (branch and personnel optimisation and elimination of overlapping infrastructure) and funding (through reduced time deposit spreads as deposit gathering activity is fully integrated, particularly with respect to the Cypriot Acquired Businesses), as well as moderate revenue synergies.

Realisation of any benefits and cost synergies, particularly in relation to reductions in funding costs, are likely to be affected by the factors described in other risk factors in this Offering Memorandum and a number of factors beyond our control, including, without limitation, general economic conditions, increased operating costs, the response of competitors and regulatory developments. Moreover, our combined loan portfolio after the completion of all the Acquisitions may not be as strong as expected, and therefore the cost savings could be reduced. These cost and revenue synergy estimates also depend on our ability to combine the businesses of the Bank and Acquired Businesses in a manner that permits those synergies to be realised (see "—A failure to integrate the

Acquired Businesses effectively and in a timely manner could adversely affect our business"). If the estimates turn out to be incorrect or we are not able to successfully combine the Acquired Businesses with our own, the expected cost and revenue synergies may not be fully realised or realised at all, or may take longer to realise than expected.

The historical financial information we include in this Offering Memorandum are not necessarily representative of the results of operations we would have achieved as a stand-alone company and may not be reliable indicators of our future results.

Our historical financial and other statistical data included elsewhere in this Offering Memorandum do not reflect the financial condition, results of operations or cash flows we would have achieved as a stand-alone company, following the integration of the Acquired Businesses, during the periods presented or those we will achieve in the future. This is primarily the result of the following factors:

- our historical financial and other data for the year ended 31 December 2012 reflects the ATEbank Acquisition and the Geniki Acquisition only from the time of acquisition by us and does not reflect the Cypriot Acquisitions and the MBG Acquisition; our historical financial information for the first quarter of 2013 reflects the Cypriot Acquisitions only from the time of acquisition by us and does not reflect the MBG Acquisition, which remains subject to antitrust and regulatory approvals and satisfaction of certain conditions; and
- the financial and statistical information we present elsewhere in this Offering Memorandum does not include certain important historical financial information relating to the Acquisitions.

Accordingly, the historical financial information included elsewhere in this Offering Memorandum may not reflect what our results of operations and financial condition would have been had we been a combined entity during the periods presented, or what our results of operations and financial condition will be in the future, which will be materially different from amounts reflected in our consolidated historical financial information presented in this international offering memorandum. In addition, this Offering Memorandum does not include pro forma financial information to reflect the Acquisitions in our consolidated financial statements as if they had been consummated at an earlier date. As a result of the Acquisitions, the financial information presented in this Offering Memorandum, including our historical financial statements, may not be indicative of our future results of operations and financial condition and it may be difficult for investors to compare our future results to historical results or to evaluate our relative performance or trends in our business.

We had not independently verified the information provided to us in relation to the businesses acquired in the ATEbank Acquisition and the Cypriot Acquisitions and, as a result, risks and uncertainties unknown to us may in the future adversely affect our results of operations and/or financial condition.

The events and circumstances leading to the ATEbank Acquisition and the Cypriot Acquisitions were such that we were not able, despite our best efforts, to apply our normal due diligence procedures to the operations, risks, uncertainties, liabilities, assets and prospects of the businesses acquired in the ATEbank Acquisition and the Cypriot Acquisitions. We were therefore unable to verify the accuracy and completeness of the information provided to us prior to the relevant acquisitions and, despite the passage of time and the partial integration of those businesses into our business, we may still be unaware of material liabilities, risks and uncertainties relating to those businesses. Any such liabilities, risks and uncertainties may have adverse effects on our business, results of operations and financial condition.

The information relating to MBG contained in this Offering Memorandum is derived primarily from information, which we have been unable to verify independently and, consequently, our estimates of the impact of the MBG Acquisition may be incorrect.

The information about MBG included in this Offering Memorandum is derived from information made available to us by MBG, including periodic and other reports. The financial information adjusted to give effect to the MBG Acquisition has been prepared on the basis of such reports provided to us by MBG. While we have no knowledge that would indicate that any statements included in this Offering Memorandum based upon the reports are inaccurate, incomplete or untrue, we have not been involved in the preparation of such reports, and therefore we cannot verify the accuracy, completeness or truth of the information obtained from such reports or any failure by MBG to disclose events that may have occurred but that are unknown to us and which may affect the significance or accuracy of the

information contained in such reports. Any financial information regarding MBG that may be detrimental to us and that has not been publicly disclosed by MBG, or errors in our estimates relating to MBG may have an adverse effect on the benefits we expect to achieve from the MBG Acquisition.

A failure to integrate the Acquired Businesses effectively and in a timely manner could adversely affect our business.

Mergers and acquisitions involve a number of risks inherent in assessing the value of the acquired assets and the profitability of merger or acquisition candidates, as well as their operational advantages and disadvantages, including: adverse short-term effects of mergers and acquisitions on operating results; the need for management and other sources to pay close attention to the completion of the merger or the acquisition; the importance of retaining key personnel; and risks associated with unanticipated problems, including unanticipated expenses.

In addition to the usual risks relating to mergers and acquisitions problems may appear during the integration of the operations of the Acquired Businesses, including their IT systems, with our own, and we may face difficulties managing an integration process of this magnitude in light of the size of the Acquired Businesses and their impact on the size of our Group.

Although we have acquired and successfully integrated banks in the past, we could encounter significant unexpected difficulties or incur material unexpected expenditures in connection with the integration of the Acquired Businesses. In particular, we will likely face costs, which may be material, associated with operating separate IT systems in parallel until we are able fully to integrate or standardise the various IT systems employed by us and the Acquired Businesses. The failure to integrate the Acquired Businesses successfully and on a timely and efficient basis, as well as to achieve expected income return and to capitalise on funding synergies to achieve economies of scale, could have a significant adverse effect on our business, financial condition, results of operations and prospects.

Our acquisition of MBG may not be completed and BCP's participation in the Recapitalisation Plan may not occur as a result of any failure to complete the acquisition.

On 21 April 2013, we signed a definitive agreement with BCP regarding our acquisition of the entire share capital of MBG and the participation of BCP in the Recapitalisation Plan. Under the agreement, we acquired 100% of MBG for €1 million. In addition, BCP, in connection with the MBG Acquisition and subject to the consummation thereof, has agreed to subscribe for New Shares with a value equal to €400 million in an issuance to be effected as a private placement of New Shares for which the pre-emptive rights of our Ordinary Shares have been waived. The acquisition remains subject to antitrust and regulatory approvals and satisfaction of certain conditions.

If the MBG Acquisition is not completed, due to a failure to receive the necessary antitrust and regulatory approvals or otherwise, BCP's participation in the Recapitalisation Plan may not occur, which would require us to raise the amount of BCP's contribution from other sources. If we were to fail to raise such funds from other sources, we may not be able to satisfy the Minimum Threshold for private sector participation in the Ordinary Share Capital Increase, which would result in the voting rights on the HFSF Shares becoming unrestricted and the effective nationalisation of the Bank. Furthermore, even if we were to partially raise the funds that were to represent BCP's contribution, if such funds, taken together with the funds originating from private investors in this Offering and the €170 million that SG will invest in our Ordinary Shares or in securities exchangeable into our Ordinary Shares, are less than €733.5 million, then we will issue Contingent Convertible Securities that are mandatorily convertible into Ordinary Shares upon the occurrence of certain contingencies. The issuance of these Contingent Convertible Securities and their subsequent conversion could result in the substantial dilution of our shareholders' interests and could also result in the effective nationalisation of the Bank. See "Risks Relating to our Business—The extent of the control of the Bank by the HFSF depends on the participation of the private sector."

In addition, if the MBG Acquisition is not completed, the benefits and synergies we expect to realise from the acquisition would not materialise. Furthermore, the relevant antitrust and regulatory approvals in relation to the MBG Acquisition may require us to comply with certain conditions that could have a material adverse effect on our business, prospects, financial condition and results of operations.

Risks Relating to the Offering

Shareholder composition could substantially change after this Offering due to the HFSF's, the Hellenic Republic's and BCP's participation.

Due to the HFSF's participation in the Offering and also through the HFSF's concurrent private placement by way of contribution in kind in an amount of €1.1 billion in exchange of new Ordinary Shares, the HFSF will become our most significant shareholder. Pursuant to its founding law, the HFSF must dispose of our Ordinary Shares held by it within an initial period of five years (this period is shortened to two years if the required private sector contribution in this Offering is not achieved). Furthermore, BCP has agreed, subject to the completion of the MBG Acquisition, to subscribe for New Shares with a value equal to €400 million, which is expected to make BCP a significant shareholder of the Bank. BCP will also be entitled to receive warrants as described under "The Offering" and will exercise only restricted voting rights in respect of the BCP Private Placement New Shares.

The disposal of the Ordinary Shares held by the HFSF and/or BCP, either as a consequence of the exercise of the Warrants or in any other way, will significantly alter the type and composition of our shareholder base and will lead to the concentration of significant percentages of Ordinary Shares and voting rights in the hands of particular investors, to the extent that these investors acquire the full control over us. Furthermore, a possible conversion of the Special Preference Shares held by the Hellenic Republic by virtue of Law 3723/2008 into Ordinary Shares (whether the Hellenic Republic maintains their ownership or disposes of them) may also significantly alter the type and composition of our shareholder base.

There may be limited liquidity in the Ordinary Shares resulting from the HFSF's and BCP's participation in the Offering.

After the completion of the Offering, the HFSF will be our most significant shareholder. Furthermore, BCP has agreed, subject to completion of the MBG Acquisition, to subscribe for New Shares with a value equal to €400 million, which is expected to make BCP a significant shareholder of the Bank after the completion of the Offering. BCP will also be entitled to receive warrants as described under "The Offering" and will exercise only restricted voting rights in respect of the BCP Private Placement New Shares.

This concentration of ownership, together with uncertainty as to whether market conditions will permit the HFSF or BCP to dispose of the Ordinary Shares that they hold (in the case of the HFSF, 36 months following the issuance of the Warrants), may make it difficult for you to sell or purchase our Ordinary Shares at the price or time of your choice, which may result in you receiving a lower price, or paying a higher price, for our Ordinary Shares than the price if our Ordinary Shares were more actively traded on the ATHEX. We cannot assure you that the trading market of our Ordinary Shares will become more liquid in future, or that the trading volume of our Ordinary Shares will not decrease further in the future.

The trading price of ordinary shares may decline before or after the rights expire.

The public trading market price of our Ordinary Shares may decline below the Subscription Price for the New Shares. Should that occur after investors exercise their rights in the Rights Offering, investors will suffer an immediate unrealised loss as a result. We cannot assure investors that, after the exercise of their pre-emption rights, they shall be entitled to sell their New Shares at a price equal to or greater than the Subscription Price. Moreover, until the New Shares are inscribed in book-entry accounts upon completion of the Offering, investors will be unable to sell such New Shares at all.

The admission to listing and trading of the New Shares on the ATHEX depends on the provision of certain documents by us, including the approval by the Ministry of Development, Competitiveness, Infrastructure, Transportation and Networks of an amendment to our Articles of Association reflecting the increase of our share capital, and the review and approval of such documents by the ATHEX. As a result, the admission of the New Shares to listing and trading on the ATHEX may not take place when anticipated. For further information on the expected dates of these events, please see "The Offering".

Investors will not receive compensation for expired and unexercised Rights.

The Subscription Period for the exercise of pre-emptive rights will be determined by our Board of Directors and will be publicly announced. If an investor fails to exercise its Rights prior to the end of

the Subscription Period, its Rights will expire and be valueless and it will receive no compensation for them.

As a result of the Offering, current shareholders will suffer dilution.

In this Offering, the HFSF will participate by contributing EFSF notes in order to receive New Shares making the HFSF our most significant shareholder. Furthermore, BCP has agreed, subject to completion of the MBG Acquisition, to subscribe for New Shares with a value equal to €400 million, which is expected to make BCP a significant shareholder of the Bank.

Also, the pre-emptive rights of existing shareholders for the New Shares were abolished in relation to the BCP Private Placement New Shares, and as a result of this, existing shareholders will suffer further dilution.

As a consequence of the above, the current shareholders, even if they exercise all of their Rights, shall be significantly diluted after the Offering. To the extent a shareholder does not exercise its Rights, it will face further dilution. Although investors will be entitled to recover a significant part of their dilution by exercising the Warrants they receive as part of the Offering (assuming the required private sector contribution is met) such exercise will require the payment of additional capital by such holders, which could be significant.

In addition, if we issue Contingent Convertible Securities, then the holders of Ordinary Shares will bear the risk of being diluted further, upon a total conversion of the Contingent Convertible Securities into Ordinary Shares or if the interest on the Contingent Convertible Securities is paid through the issuance of additional Ordinary Shares.

The market price of our Ordinary Shares and Warrants may be negatively affected by additional sales of the Ordinary Shares by current shareholders or shareholders following the Offering.

The sale of a substantial number of the Ordinary Shares in the market before or after the Offering, or the perception that such sales may occur, could negatively affect the market price of the Ordinary Shares or Warrants. In particular, the disposal of the Ordinary Shares held by the HFSF and BCP, either as a consequence of the exercise of the Warrants or in any other way, or the potential conversion by the Hellenic Republic of the Special Preference Shares, may place a significant amount of downward pressure on the market price of our Ordinary Shares or Warrants, and have a material adverse effect of on our capacity to raise additional capital.

Investors' rights as shareholders will be governed by Greek law, which may differ in some respects from the rights of shareholders under the laws of other countries.

Our shares are listed on the ATHEX, which is governed by Greek law. The rights of our shareholders are governed by our Articles of Association and Greek corporate and securities laws, regardless of the national law applicable to any shareholder. The ability of shareholders to bring claims against us, our officers and directors under foreign laws and the ability of shareholders to enforce judgments obtained in foreign jurisdictions in the Greek courts are limited as a result, and whenever a pleading relating to the information contained in this Offering Memorandum is submitted before a court, pursuant to the internal legislation of the relevant jurisdiction, investors may have to bear the costs of translating this Offering Memorandum before the judicial proceedings are initiated. Under Greek law, shareholders may seek to invalidate resolutions of a company's corporate bodies that breach the company's articles of association or applicable law. Such actions could be taken, for example, in connection with resolutions adopted with respect to the payment of dividends, share capital increases or reductions and any other amendments to the articles of association or the spin-off or merger of the company.

The exercise of the Rights may not be available to shareholders in certain jurisdictions, including U.S. holders of the Ordinary Shares.

Under Greek law and our Articles of Association, prior to the issuance of any new Ordinary Shares, holders of our existing Ordinary Shares must be granted pre-emptive rights to subscribe and pay for a sufficient number of Ordinary Shares to maintain their existing ownership percentages. These pre-emptive rights are generally transferable during the rights trading period for the related offering and may be traded on the ATHEX.

Due to restrictions under the securities laws of certain countries, shareholders in those countries (including Canada, Australia, Japan, South Africa and the United States) may not be able to exercise pre-emptive rights in any offering of new Ordinary Shares by us. In particular, U.S. holders of our Ordinary Shares may not be able to trade or exercise pre-emptive rights for any such offering of Ordinary Shares. Furthermore, holders of Ordinary Shares may not be able to trade or exercise pre-emptive rights for any such offering of Ordinary Shares unless we comply with various securities laws of the jurisdictions in which the Ordinary Shares are traded.

If holders of our shares are not able to receive, trade or exercise pre-emptive rights granted in respect of their shares in any rights offering by us then they might not receive the economic benefit of such rights. In addition, their proportional ownership interests in us will be diluted.

A trading market for the Rights may not develop.

The Rights are expected to be listed and eligible for trading on the ATHEX, but we cannot assure you that an active trading market for the Rights will develop on the ATHEX. Even if an active trading market develops, the trading price of the Rights may be volatile.

U.S. Foreign Account Tax Compliance Act Withholding may affect payments received by the Bank or payments on the New Shares.

Sections 1471 through 1474 of the U.S. Internal Revenue Code (such provisions being commonly known as "FATCA") impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to any non-U.S. financial institution (a "foreign financial institution", or "FFI" (as defined by FATCA)) that (i) does not become a "Participating FFI" by entering into an agreement with the U.S. Treasury Department to provide certain information in respect of its account holders and (ii) is not otherwise exempt from or in deemed-compliance with FATCA. The new withholding regime will be phased in beginning in 2014 for payments received from sources within the United States and will apply to "foreign passthru payments" (a term not yet defined) no earlier than 2017.

The United States and a number of potential partner countries have announced their intention to enter into intergovernmental agreements to facilitate the implementation of FATCA (each, an "IGA"), and after consultation with these countries, the United States released a model IGA. Pursuant to FATCA and the model IGA, an FFI in an IGA signatory country may be treated as a "Reporting FI" not subject to FATCA withholding on any payments it receives. Such a Reporting FI also would not be required to withhold under FATCA or an IGA (or any law implementing or complying with, or introduced in order to conform to an IGA) (any withholding under any of the foregoing, a "FATCA Withholding") from payments it makes, but the model IGA leaves open the possibility that such a Reporting FI might in the future be required to withhold on foreign passthru payments that it makes. A Reporting FI would be required to report certain information in respect of its account holders to its home government. As at the date of this Offering Memorandum, Greece is not yet an IGA signatory country.

If the Bank does not become a Participating FFI or a Reporting FI, or is not treated as exempt from or in deemed-compliance with FATCA, beginning in 2014, the Bank may be subject to FATCA Withholding on payments received from U.S. sources, Participating FFIs, and, potentially, Reporting FIs. Any such withholding imposed on payments received by the Bank may have a material adverse effect on the Group's business, prospects, results of operations and financial position. The Bank intends to become a Participating FFI, until such time, if ever, that it qualifies as a Reporting FI.

If an amount in respect of FATCA Withholding were to be deducted or withheld on any payments made by the Bank (which will not be required before 1 January 2017), neither the Bank nor any other person will pay additional amounts as a result of the deduction or withholding of such tax. If any FATCA Withholding is imposed on payments made with respect to the New Shares, a beneficial owner of any such New Shares that is not a foreign financial institution generally will be entitled to a refund of any amounts withheld and may claim such refund by filing a U.S. federal income tax return, which may entail significant administrative burden. A beneficial owner of any such New Shares that is a foreign financial institution will be able to obtain a refund only to the extent that an applicable income tax treaty with the United States entitles it to an exemption from, or reduced rate of, tax on the payment that was subject to FATCA Withholding. FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and the model IGA, all of which are subject to change or may be implemented in a materially different form.

Prospective investors should consult their tax advisers regarding the application of FATCA to the Bank and to payments they may receive in connection with the New Shares.

Risks Relating to the Warrants

Prior to the exercise of the Warrants, holders of these securities will not have similar rights as the holders of our Ordinary Shares, but they will be bound by all changes made with respect to our Ordinary Shares prior to the exercise of the Warrants.

The holders of the Warrants will acquire rights with respect to our Ordinary Shares only if they receive our Ordinary Shares upon exercise of the Warrants and only as at the date when such holders become record owners in accordance with Greek company law and the Articles of Association of the Bank. Prior to the date of becoming record owners, the rights from our Ordinary Shares underlying the Warrants will be exercised by the HFSF in accordance with the relevant applicable legislation. For example, with respect to the Warrants, if an amendment is proposed to our Articles of Association requiring shareholder approval and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to the date a Warrant holder is deemed to be the owner of our Ordinary Shares due upon exercise of the warrants, the exercising warrant holder will not be entitled to vote on the amendment, although such holder will nevertheless be bound by any changes in the powers or special rights of our Ordinary Shares resulting from such amendment, if it exercises the Warrants and acquires the underlying Ordinary Shares.

The market price of our Ordinary Shares may not exceed the exercise price of the Warrants.

The Warrants are exercisable every six months, commencing from the date that falls six months from the Warrants issue date until the date that falls 54 months from the Warrants issue date. Warrants not exercised within this period will automatically lapse, be cancelled and delisted. We cannot provide you with any assurance that that the market price of our Ordinary Shares will be in excess of the exercise price of the Warrants in any or all periods prior to the date of expiry of the Warrants. Any Warrants not exercised by their date of expiry will be worthless; the Warrant holder will lose the value of its entire investment in the Warrants which it did not exercise.

There is currently no public market for the Warrants and their price may diverge significantly from theoretical prices implied by traditional option pricing methodologies.

There is currently no established public trading market for the Warrants, and we cannot guarantee that an adequate market for the Warrants will develop in the future. If an adequate market does not develop, the liquidity of the Warrants will be limited; their price may diverge significantly from theoretical prices implied by traditional option pricing methodologies and/or fluctuate and have limited liquidity. If an adequate market for the Warrants does not develop, then purchasers of the Warrants may be unable to resell the Warrants or sell them only at an unfavourable price for an extended period of time, if at all. Resale prices of the Warrants will depend on many factors, including:

- our operating performance and financial condition;
- whether or not we pay any dividends on our Ordinary Shares;
- the market price of our Ordinary Shares;
- interest rates;
- volatility in the market price of our Ordinary Shares;
- liquidity in the market for the Warrants and our Ordinary Shares;
- the interest of securities dealers in undertaking the special dealing of the Warrants; and
- the market for similar securities.

The market price of the Warrants will be directly affected by the market price of our Ordinary Shares, which may be volatile.

To the extent that a secondary market for the Warrants develops, we believe that the market price of the Warrants will be significantly affected by the market price of our Ordinary Shares. We cannot

predict how our Ordinary Shares will trade in the future. This may result in greater volatility in the market price of the Warrants than would be expected for non-exercisable securities.

Since the Warrants are obligations of the HFSF, their value will depend on the HFSF satisfying its obligations thereunder.

The Warrants are issued by the HFSF pursuant to Greek Law 3864/2010 and Cabinet Act No. 38. The HFSF is a private legal entity. The process for the issuance of the Warrants will be completed by the HFSF. As a result, the holders of the Warrants shall bear the risk that they may not receive all, or any, underlying Ordinary Shares when they exercise their Warrants if, for any reason whatsoever, the HFSF shall not be able to fulfil its obligations resulting therefrom.

The number of Ordinary Shares into which each Warrant is convertible will decrease if the Offering is fully subscribed.

Each Warrant entitles the holder thereto the right to purchase from the HFSF a number of Ordinary Shares held by the HFSF. Such number is the function of a fraction, with the number of New Shares subscribed by the HFSF as numerator and the number of New Shares subscribed by private investors as denominator. Consequently the higher the private participation, the lower the number of Ordinary Shares each holder of a Warrant will be entitled to purchase. By way of illustration, in the event the investment from the private sector investors is €575.5 million, each holder of a Warrant will be entitled to purchase 9.99 Ordinary Shares when it exercises its rights under the Warrant. In the event the investment from the private sector investors is €733.5 million, each holder of a Warrant will be entitled to purchase 9.777 Ordinary Shares when it exercises its rights under the Warrant.

Since the Warrants are regulated by law, a change in law or in its interpretation may adversely affect the rights of the holders of the Warrants.

The Warrants are regulated by Greek Law 3864/2010 and Cabinet Act No. 38. There can be no assurance that these laws will not be amended or supplemented in the future. Any such amendment or supplementation, including a change in taxation, may adversely affect the rights of the Warrant holders.

In the case of a corporate event, any adjustment to the exercise price and the number of Ordinary Shares underlying each Warrant may not adequately compensate the holders of Warrants for the value of their rights prior to such corporate events.

The Warrants are regulated by Greek Law 3864/2010 and Cabinet Act No. 38, which provide that, in the case of a corporate event, the number of the underlying Ordinary Shares and the exercise price shall be adjusted accordingly. However, the law does not prescribe in a clear manner which corporate events apply, the exact way of adjusting the number of the underlying Ordinary Shares and the exercise price or the person or entity deciding such adjustments. Accordingly, there is the risk that any adjustment to the exercise price and the number of Ordinary Shares underlying each Warrant in connection with such a corporate event may not adequately compensate for any lost value of the Warrants prior to such corporate event, resulting in the loss of value for the holders of the Warrants.

After 36 months from the issuance of the Warrants, the HFSF may under certain conditions transfer the underlying Ordinary Shares without owing any compensation to the holders of the Warrants if they do not exercise the Warrants.

After 36 months from the issuance of the Warrants, the HFSF may transfer the underlying Ordinary Shares. Although, prior to proceeding with such transfer, the HFSF must provide the opportunity to the holders of the Warrants to acquire the Ordinary Shares to be transferred in a price equal to the lower of the exercise price of the Warrants or the average market price of the Ordinary Shares in the 50 days prior to such notification, in the event that the holders of the Warrants do not exercise their rights and the HFSF proceeds with the sale of all or part of the underlying Ordinary Shares, then the number of the underlying Ordinary Shares which the holders of the Warrants may acquire shall be reduced accordingly and the holders of the Warrants will not be compensated for this limitation of their rights.

There may be limited liquidity resulting from the high HFSF participation.

After the completion of the Offering, the HFSF will be our most significant shareholder. This concentration of ownership, together with uncertainty as to whether market conditions will permit the HFSF to dispose of the Ordinary Shares it holds 36 months following the issuance of the Warrants, may discourage, delay or prevent holders of the Warrants from exercising their rights under the Warrants. Due to the low trading volume of our Ordinary Shares, following the Offering, it may be difficult for you to sell or purchase our Ordinary Shares at the price or time of your choice, which may result in you receiving a lower price, or paying a higher price, for our Ordinary Shares than the price if our Ordinary Shares were more actively traded on the ATHEX. We cannot assure you that the trading market of our Ordinary Shares will become more liquid in future, or that the trading volume of our Ordinary Shares will not decrease further in the future.

The theoretical initial trading price of the Warrants at the first trading session may be significantly different from the market price that will be formed after regular trading is established.

There is currently no public market for the Warrants and there is no data for the market behaviour of securities with the same characteristics. The ATHEX shall decide the theoretical initial trading price of the Warrants at the first trading session and so long as it deems appropriate as the market regulator. It cannot be guaranteed that the method for determining the initial trading price of the Warrants will not be significantly different from the price that the market shall form after the regular trading is established.

If the trading of our Ordinary Shares is suspended, the trading of the Warrants may also be suspended.

The value of the Warrants is calculated by reference to the market characteristics of our underlying Ordinary Shares, the most significant being their market price. If the trading of our Ordinary Shares is suspended for any reason whatsoever, it is highly likely that the trading of the Warrants will also be suspended by either the ATHEX or the HCMC.

Warrants are a novel financial instrument for Greece and their tax treatment is not yet specifically regulated by the Greek tax framework.

Warrants are a novel financial instrument in Greece. The current tax law provisions have been drafted with a view to primarily regulating shares, bonds and derivatives and have not fully taken into account financial instruments like the Warrants. Therefore, the exact tax treatment of Warrants under Greek tax law cannot be anticipated and new tax provisions may be enacted or existing provisions may be supplemented in order to regulate Warrants, potentially with retroactive effect.

USE OF PROCEEDS

We will use the aggregate net proceeds from the Offering and the HFSF Private Placement to strengthen our core capital adequacy ratios.

DIVIDENDS AND DIVIDEND POLICY

Dividend Policy

The New Shares will be entitled to the full amount of any dividend declared after their issue date in respect of the financial year 2013 onwards.

Under Greek law, we can pay dividends out of:

- distributable profits for the year, comprising profits net of tax, losses carried forward and prior years' tax audit differences, on an unconsolidated basis; and
- retained earnings, special reserves or ordinary reserves to the extent they exceed the amount required to be maintained by law.

Before paying dividends, we, in accordance with our Articles of Association and Greek corporate law (Law 2190/1920) must allocate at least 5% of our net profits to a statutory reserve until this reserve equals at least one-half of our share capital. Once this requirement is satisfied, the allocation of further profits to the statutory reserve is not mandatory. The allocation of profits to the statutory reserve will again become mandatory if the reserve subsequently falls below one-half of the share capital. The statutory reserve is exclusively used, before any dividend is declared, to balance any potential loss. Under our Articles of Association and Greek corporate law and subject to the limitations described above and below, each year we are required to pay a minimum dividend out of the net profits for the year, if any, equal to 35% of our net profits on a stand-alone basis for the year (after the deduction of statutory reserves and any profits resulting from the sale of equity participations that represent at least 20% of the paid-up share capital of a subsidiary company in which we have held an equity participation for at least 10 years). Unrealised profits from marking securities to market will be deducted from net profits in order to determine the minimum dividend.

Calculation of all such amounts is based on our financial statements prepared in accordance with IFRS.

The general meeting of shareholders may decide to distribute distributable profits in excess of the mandatory dividend payments described above with ordinary quorum and majority voting requirements. No distribution can be effected if, on the closing date of the last financial year, the total shareholders' equity is, or will become after that distribution, lower than the total of our share capital and the reserves, the distribution of which is prohibited by Greek law and our Articles of Association. In any event, dividends may not exceed net profits for the last financial year, as increased by distributable reserves, the distribution of which is permitted by law and has been decided by the general meeting of shareholders, and profits carried forward from previous years, and as decreased by any loss in the previous financial year and any compulsory reserves required by law or by our Articles of Association.

In the event that the obligatory dividend payments equal 35% of the net profits for the year as described above, our shareholders have two options. According to Law 148/1967, a majority representing at least 65% of the paid-up share capital may vote to transfer the remaining undistributed dividend to a special reserve which, within four years following the general meeting of shareholders, must be distributed in the form of a share dividend. Further, a majority representing 70% of our paid-up capital may vote to waive overall the obligatory dividend payments (or capitalisation through a special reserve) equal to 35% of the net profits.

Once approved, dividends must be paid to shareholders within two months of the date on which our annual financial statements are approved and within seven business days approximately from the record date as the latter is foreseen by the legislation and announced to the press. Normally, dividends are declared and paid in the year subsequent to the reporting period. Uncollected dividends are forfeited to the Greek government if they are not claimed by shareholders within five years following 31 December of the year in which they were declared.

Pursuant to the relevant legislation, our Bank may also distribute interim dividends at the discretion of its Board of Directors, so long as it submits at least 20 days before the distribution of the demand to the Minister of Development, Competitiveness, Infrastructure, Transportation and Networks an accounting statement of the Bank, which must be published in the Government Gazette and one daily newspaper or be posted on our website. In addition, the relevant registry must be immediately notified. Interim dividends may not exceed one-half of the net profits as stated in the accounting statements.

Current Restrictions on Dividends

The Bank is one of the banks in Greece participating in the Hellenic Republic Bank Support Plan to reinforce the Greek economy's liquidity. Pursuant to this plan and in accordance with Law 3723/2008, we issued 77,568,134 Special Preference Shares, at a nominal value of €4.77 each, for a total consideration of €370 million in favour of the Hellenic Republic on 22 May 2009 and 1,266,666,666 Special Preference Shares, at a nominal value of €0.30 each, for a total consideration of €380 million in favour of the Hellenic Republic on 30 December 2011. Additional restrictions on dividends arise from our participation in this bank support plan. For instance, under Law 3723/2008 which sets out the terms of the Hellenic Republic Bank Support Plan, participating banks will be subject to a maximum dividend distribution of 35% of net profits, otherwise set as the minimum dividend distribution by Article 3, paragraph 1 of Law 148/1967; the law does not specify whether this is inclusive of the fixed return on the Special Preference Shares held by the Hellenic Republic. Also the Bank is required to pay out the fixed return on the Special Preference Shares before payment of dividends to holders of Ordinary Shares thereby reducing amounts otherwise available to pay the holders of Ordinary Shares. The maximum 35% dividend distribution will remain in place so long as the HFSF is a bank's shareholder. Moreover, under the law, the representative of the Greek government appointed to our Board of Directors or attending the general meeting of shareholders may veto any resolution relating to our dividend policy, pursuant to a decision of the Minister of Finance, or if he determines that such policy may jeopardise the interests of our depositors or materially affect our solvency and orderly operation. Further, pursuant to the terms of our €370 million and €380 million Special Preference Shares issued to the Hellenic Republic on 22 May 2009 and on 30 December 2011, we are required to allocate dividends to the Hellenic Republic as our preference shareholder, prior to the allocation of any dividends to our ordinary shareholders; see "Description of Share Capital" and "Description of Articles of Association". Any dividend payments to the Hellenic Republic will reduce the amount of distributable dividends that may be allocated to our ordinary shareholders. For more information on the Hellenic Republic Bank Support Plan, see "The Banking Sector and the Economic Crisis in Greece—The Hellenic Republic Bank Support Plan".

According to existing legislation, banks participating in the Hellenic Republic Bank Support Plan could distribute dividends to ordinary shareholders only in the form of ordinary shares for financial years 2008 through 2012, excluding treasury shares. This restriction did not apply to any dividends or fixed returns on preference shares that were being traded in foreign organised markets, as well as any interim dividends paid which, however, would be included in the calculation of the minimum dividend of 35%.

Due to our participation in the Hellenic Republic Bank Support Plan, we did not distribute any dividends for the financial years 2010 and 2011. According to Law 4093/12.11.2012, credit institutions that have been recapitalised pursuant to the provisions of Law 3723/2008, are obliged to pay to the Greek government a one-off total amount of €555.6 million, of which approximately €133 million relate to the Bank's portion. Such amount has already been paid and did not affect the results for the financial year 2012, while it has been included in "Prepaid expenses and accrued income" in order to be netted against the forthcoming capital increase.

Pursuant to Article 78 of Law 4144/2013, in case of distribution of dividends in respect of the 2012 financial year in accordance with Law 3723/2008, such distribution may only take place in the form of ordinary shares to ordinary shareholders.

Payments of the fixed return on the Special Preference Shares take priority over distributable profits otherwise available to holders of our ordinary shares. Under the terms of our Special Preference Shares issued in May 2009 and December 2011, respectively, we are required to allocate dividends to the holders of our Special Preference Shares prior to the allocation of any dividends to holders of our Ordinary Shares. Further, according to Law 3723/2008, as amended by Law 4093/12.11.2012, distribution of dividends to preference shareholders is mandatory, unless the terms of article 44A of Law 2190/1920 apply, except where, and to the extent that, the payment of the relevant amount would result in the reduction of the Core Tier I capital ratio below the required minimum. Since, however, there are no distributable profits or relevant amounts from distributable reserves, according to the provisions of the articles of association and of applicable legislation, article 44A of Law 2190/1920 applies and thus, payment of dividends in cash or in the form of shares is not allowed for fiscal year 2012. Accordingly, we expect that our management will propose in our 2013 Annual Ordinary General Meeting of the Shareholders, the non-distribution of dividends for both ordinary and preference shares.

In accordance with article 39 of Law 3844/2010, an annual step -up at the rate of 2% shall apply in addition to the fixed return if on the fifth anniversary of the first issuance of the Special Preference Shares no general meeting resolution has been adopted for their redemption.

Furthermore, in accordance with Law 3864/2010 and for the duration of our participation in the bank recapitalisation plan, the HFSF representative appointed to our Board of Directors can veto key corporate decisions at the Board level, such as dividend distributions, salary caps relating to the chairman, managing directors and the other Board members, general managers and deputies.

The aim of our dividend policy prior to 2008 was the constant improvement of our dividends per share, taking into account our net profits and general market conditions. Our dividend policy since 2008 has been adjusted to comply with our obligations under the Hellenic Republic Bank Support Plan. Accordingly, as long as we continue to participate in the Hellenic Republic Bank Support Plan, we may be prohibited from paying cash dividends to our ordinary shareholders. If we issue Contingent Convertible Securities, and for so long as such securities are outstanding, the Bank is not allowed to pay any dividends to the holders of its Ordinary Shares, and any sum that would be available for distribution to the holders of its Ordinary Shares shall be used pro rata for the payment of interest on the Contingent Convertible Securities, interest or dividends for creditors ranking equally with holders of the Contingent Convertible Securities, and the buy-back of Contingent Convertible Securities and securities held by creditors of the same rank as the Contingent Convertible Securities.

The obligations of the Bank referred to above extend to any distribution to the holders of its Ordinary Shares, especially any dividend or asset distribution, buy-back of shares and return of share capital.

MARKET PRICE INFORMATION

The Bank's shares have been listed on the ATHEX since 1918.

The annual high and low closing prices of the Bank's Ordinary Shares on the ATHEX before giving effect to the 10-for-1 reverse stock split (see "Summary—Recent Developments") for the five most recent financial years are shown below, expressed in euro.

Year	High (date)	Low (date)
2008	13.93(02/01/08)	2.83(19/12/08)
2009	7.04(20/10/09)	1.71(05/03/09)
2010	4.5(11/01/10)	1.46(30/11/10)
2011	1.89(03/01/11)	0.199(01/11/11)
2012	0.68(31/01/12)	0.19(05/06/12)

The quarterly high and low closing prices of the Bank's Ordinary Shares on the ATHEX for the two most recent financial years are shown below, expressed in euro.

Quarter	High (date)	Low (date)
Q1 2011	1.89(03/01/11)	1.4(08/03/11)
Q2 2011	1.41(07/04/11)	0.96(30/05/11)
Q3 2011	1.12(01/07/11)	0.44(26/09/11)
Q4 2011	0.44(03/10/11)	0.199(01/11/11)

Quarter	High (date)	Low (date)
Q1 2012	0.68(31/01/12)	0.219(09/01/12)
Q2 2012	0.331(10/04/12)	0.19(05/06/12)
Q3 2012	0.42(12/09/12)	0.198(23/07/12)
Q4 2012	0.648(24/10/12)	0.309(17/12/12)

The high and low closing prices of the Bank's Ordinary Shares on the ATHEX for the quarter following the most recent financial year are shown below, expressed in euro.

Quarter	High (date)	Low (date)
Q1 2013	0.391(04/01/13)	0.177(19/03/13)

The monthly high and low closing prices of the Bank's Ordinary Shares on the ATHEX for the six most recent months are shown below, expressed in euro.

Year	High (date)	Low (date)
November 2012	0.499(05/11/12)	0.349(30/11/12)
December 2012	0.395(06/12/12)	0.309(17/12/12)
January 2013	0.391(04/01/13)	0.271(21/01/13)
February 2013	0.317(07/02/13)	0.241(26/02/13)
March 2013	0.250(01/03/13)	0.177(19/03/13)
April 2013	0.274(25/04/13)	0.160(05/04/13)
May 2013	0.654(17/05/13)	0.185(30/05/13)

CAPITALISATION

The following table sets out (i) our actual consolidated equity capitalisation as at 31 March 2013, and (ii) our consolidated equity capitalisation as at 31 March 2013, as adjusted to reflect the capital increase of €8,429 million, including the issue of New Shares in the Offering and the HFSF Private Placement. This table should be read in conjunction with the sections under the headings "Operating and Financial Review and Prospects" and "Description of Share Capital" and "Description of Articles of Association" and the financial statements included in this Offering Memorandum.

(€ in millions)	As at 31 March 2013	
	Actual	Adjusted[1]
	(unaudited)	
EQUITY		
Ordinary Shares	343	1,522
Special Preference Shares	750	750
Total Share Capital	**1,093**	**2,272**
Share premium	2,953	9,895
Less: Treasury Shares	0	0
Other reserves	5	314
Retained earnings	(2,877)	(2,877)
Capital and reserves attributable to equity holders	**1,174**	**9,603**
Minority interest	127	127
Total equity	**1,301**	**9,730[2]**

(1) As adjusted for the capital increase, including the issue of New Shares in the Offering and the HFSF Private Placement.

(2) As at 31 March 2013, total equity, including the estimated negative goodwill relating to the MBG Acquisition, would have increased by €0.4 billion. The estimated negative goodwill of MBG has been presented subject to the completion of the purchase price allocation expected to be conducted by an independent auditor.

The following table sets out our capital adequacy as at 31 March 2013 as reported to the Bank of Greece, as adjusted to reflect the €8,429 million capital increase, including the issue of New Shares in the Offering and the HFSF Private Placement:

(€ in millions)	As at 31 March 2013
CAPITAL ADEQUACY	
Capital	
Equity Tier I capital	7,868
Core Tier I capital	8,618
Tier I capital	8,677
Total capital	8,847
Risk-weighted assets	58,178
Ratios	
Equity Tier I[1]	13.5%
Core Tier I[1]	14.8%
Tier I[1]	14.9%
Total BIS[1]	15.2%

(1) As at 31 March 2013, as adjusted for the capital increase of €8,429 million, including the issue of New Shares and the Offering, and including estimated negative goodwill of €0.4 billion and risk weighted assets of €4.1 billion in connection with the MBG Acquisition, our capital ratios would have been 13.3%, 14.5%, 14.6% and 14.8% for Equity Tier I, Core Tier I, Tier I and Total BIS, respectively. The estimated negative goodwill and risk weighted assets of MBG are presented subject to the completion of the purchase price allocation expected to be conducted by an independent auditor.

THE BANKING SECTOR AND THE ECONOMIC CRISIS IN GREECE

The Structure of the Banking Sector in Greece and Recent Developments

The banking sector in Greece has expanded rapidly in the past decade due to deregulation, Greece's entry into the eurozone and technological advances. The growth of the sector was the result of both organic expansion and mergers and acquisitions primarily in the wider region of SEE, where Greek banks operate. Nevertheless, as a result of the international financial crisis beginning in 2008, and the emergence of the fiscal crisis in Greece in the last quarter of 2009, the Greek banking system has undergone particularly challenging conditions. As a result of the deteriorating fiscal condition in Greece, international credit rating agencies downgraded the credit ratings of the Hellenic Republic, adversely affecting the credit ratings of Greek banks.

The liquidity of Greek banks has been materially and adversely affected by:

- successive downgrades of the credit ratings of the Hellenic Republic;
- the outflow of customer deposits as a result of the uncertainty in market conditions;
- the restructuring of the public debt through participation of the private sector;
- uncertainty during 2012 regarding Greece's continued participation in the eurozone, which was reduced significantly following the formation of a government in June 2012;
- the banks' lack of access to international capital markets; and
- the deterioration of the quality of the loan portfolios of Greek banks.

Due to these factors, Greek banks have relied on the financial resources provided to them by the Hellenic Republic Bank Support Plan, pursuant to Law 3723/2008. The primary source of liquidity for Greek banks in recent years has been the ECB's collateral-based financing operations. In addition, the HFSF has provided additional funds of €50 billion, aimed at strengthening the banks' capital base.

The Bank of Greece and the Greek government have adopted a series of actions to protect the financial stability and safety of customer deposits, including: covering the short-term liquidity needs of banks by providing the possibility of recourse to the emergency liquidity assistance mechanism; ensuring the adequacy of public resources available to cover the required recapitalisation and the cost of restructuring the Greek banking sector between the years 2012 and 2014 (the "Financial Envelope") estimated to be €50 billion; the rehabilitation of weak banks; and a requirement that all Greek banks increase their capital base to a conservatively estimated adequate level.

In March 2012, the Bank of Greece prepared a strategic review of the banking sector. The review evaluated the sustainability prospects of banks by applying a wide set of supervisory and operational criteria and using financial and supervisory data, as well as data from the Blackrock Diagnostic Assessment of the Greek banking sector commissioned by the Bank of Greece. The results of the review concluded that Greece had four systemic banks (National Bank of Greece S.A., Eurobank Ergasias S.A., Alpha Bank S.A. and Piraeus Bank S.A.) which were deemed fit to receive public support. The Bank of Greece estimated the capital required to support all Greek banks so as to meet the minimum required levels of Core Tier I capital from 2012 to 2014. The Greek banks' capital needs were calculated using a base -case scenario and a worst-case scenario. The base-case scenario set a target Core 1 ratio of 9% in 2012 and 10% in 2013 and 2014. The worst-case scenario set a target Core Tier I ratio of 7% for the entire 2012 - 2014 period. The aggregate capital requirement for all Greek banks was estimated in May 2012 to be €40.5 billion, out of which €27.5 billion was estimated to be required for the four systemic banks. Our capital needs were estimated to be €7.335 billion. The Bank of Greece re-confirmed these estimates in October 2012 and December 2012 and used them as the basis for determining that €50 billion would be necessary and adequate to cover the recapitalisation and restructuring costs of the Greek banking sector.

The recapitalisation plan for the systemic banks was established by Law 3864/2010 and Cabinet Act No. 15, dated 3 May 2012, and Cabinet Act No. 38, dated 9 November 2012. The recapitalisation plan comprises three steps:

1. Bridge recapitalisation by the HFSF as an advance against the future share capital increases of the systemic banks. To date, we have received an aggregate of €8.4 billion in advances and commitments from the HFSF, in the form of EFSF notes, including commitments to

contribute €570 million for the ATEbank Acquisition and €524 million for the Cypriot Acquisitions.

2. Receiving all necessary shareholder approvals for the issue of Contingent Convertible Securities by the systemic banks, with the amounts determined in line with the recapitalisation framework. These funding instruments, if issued, will be entirely and exclusively subscribed for by the HFSF. On 31 January 2013, at an extraordinary general meeting, our shareholders resolved to issue up to €2 billion in aggregate principal amount of Contingent Convertible Securities.

3. Completion of a share capital increase during the second quarter of 2013, with the HFSF acting as guarantor. The Offering forms part of this third phase.

Pursuant to the terms of the third phase of the recapitalisation plan, the systemic banks are expected to raise a minimum of 10% of the required capital increase amount from private sector investors, with the HFSF providing the balance. If a minimum of 10% of the share capital increase of a systemic bank, including the Bank, is subscribed for by the private sector (as defined by Law 3864/2010), then HFSF's voting rights in respect of their remaining capital contribution will be restricted to voting rights solely with respect to resolutions amending the bank's articles of association, including share capital increases or decreases, granting a relevant authorisation to the Board of Directors, mergers, divisions, conversions, revivals, extensions of the term or dissolution of the company, the transfer of assets, including the sale of subsidiaries or any other matter requiring an increased majority, in accordance with Law 2190/1920. To the extent that private sector participation is below 10%, the HFSF will have unrestricted shareholder voting rights in respect of its shareholdings in the relevant systemic bank.

Several actions have been taken towards recapitalising the systemic banks:

- In April 2012, €25 billion was channelled into the HFSF in the form of EFSF notes.
- In May 2012, Cabinet Act No. 15 was issued, which set the terms of the presubscription agreements to be drafted between the HFSF, the systemic banks, the EFSF and the Bank of Greece, which were signed on 28 May 2012. Following the execution of the presubscription agreements, the HFSF contributed EFSF notes in a total nominal value of €18 billion to the systemic banks as an advance payment in view of its participation in the share capital increases of the systemic banks, thus restoring their solvency ratios so that they would meet the 8% capital adequacy ratio requirement. We received a total nominal value of €4.7 billion.
- In November 2012, the Greek government issued Cabinet Act No. 38, which defined the terms of the HFSF recapitalisation plan, and the Bank of Greece officially communicated to Greek banks their respective capital needs and called upon them to complete the process for raising capital by the end of April 2013 (extended to 30 June 2013).
- In December 2012, the HFSF granted additional capital advances amounting to €6.3 billion and letters of commitment amounting to €3.2 billion to the four systemic banks as part of its participation in the capital support programme of such banks. With respect to the Bank, the additional advance amounted to €1.55 billion and the letter of commitment to €1.1 billion, plus €570 million relating to the ATEbank Acquisition (granted in March 2013). The total of advances and letters of commitment for the Bank amounted to €7.9 billion as at 31 December 2012.
- On 7 April 2013, the Bank of Greece confirmed that the recapitalisation process for all four systemic banks (National Bank of Greece S.A., Alpha Bank S.A., Eurobank Ergasias S.A. and Piraeus Bank S.A.) will proceed, with the HFSF able to fully guarantee the capital increases of all four institutions, if required.
- On 8 April 2013, Eurobank Ergasias S.A. announced that regulatory authorities had suspended its attempted merger with the National Bank of Greece S.A. As a result, the shareholders of Eurobank Ergasias S.A. decided to achieve recapitalisation through an offering of new shares to be fully subscribed by the HFSF. Following this decision, all four systemic banks are expected to recapitalise independently.
- On 1 May 2013, as part of its €4,571 million recapitalisation plan, Alpha Bank S.A. announced the offering of up to €550 million of its new ordinary shares, consisting of an underwritten issue

of €457 million of new ordinary shares through transferable pre-emption rights granted to existing shareholders and a private placement to selected institutional investors for which pre-emption rights have been waived of up to €93 million. The remaining portion of €4,571 million recapitalisation plan is expected to be covered by the HFSF through direct subscription, in the form of EFSF notes.

With respect to non-systemic banks, a memorandum prepared by the European Commission, ECB, and IMF in December 2012 proposed that such banks would be recapitalised through private funds or merge with other banks by the end of April 2013. Otherwise, the Bank of Greece would take the necessary actions to achieve resolution of the non-systemic banks, by no later than the end of June 2013, in a manner ensuring financial stability and the interests of depositors.

The recapitalisation of the Greek banks, together with the restructuring of the banking sector, is intended over time to restore market and depositor confidence.

Commercial Banks

According to the Bank of Greece, there were 48 credit institutions in the Greek banking market as at May 2013, compared to 62 in November 2011. However, the number of credit institutions operating in Greece is expected to decline significantly due to acquisitions, mergers and liquidations under way or already completed, as part of the Greek banking system restructuring process.

Today, all but one of the banks in the Greek banking market are commercial banks. There is only one specialised credit institution, the Consignment Deposits and Loans Fund.

Consolidation

Since the onset of the crisis in Greece, Greek banks have undergone and continue to undergo a phase of significant consolidation. Seven banks, including Proton, T-Bank, TT Hellenic Postbank and the Agricultural Bank of Greece S.A. ("ATEbank") have been placed in liquidation, with selected assets and liabilities being transferred to other credit institutions.

In 2012, Alpha Bank S.A. acquired Emporiki Bank S.A., and we acquired SG's Greek subsidiary, Geniki Bank S.A., and selected assets and liabilities of ATEbank.

On 26 March 2013, we signed an agreement to acquire all deposits, loans and branches in Greece of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank, including the loans and deposits of their subsidiaries in Greece for a total price of €524 million. We believe that the agreement has assisted Cyprus in addressing its March 2013 banking crisis and provided security to the depositors, customers and employees of the three Cypriot banks in Greece.

On 8 April 2013, Eurobank Ergasias S.A. announced that regulatory authorities had suspended its attempted merger with the National Bank of Greece S.A.

On 21 April 2013, we signed a definitive agreement with BCP regarding our acquisition of the entire share capital of MBG and the participation of BCP in the Recapitalisation Plan. Under the agreement, we acquired 100% of MBG for €1 million and BCP agreed to provide €400 million in exchange for Ordinary Shares in the Bank. The transaction remains subject to antitrust and regulatory approvals and the satisfaction of certain conditions.

On 30 April 2013, an extraordinary general meeting of Eurobank Ergasias S.A. resolved to waive the pre-emption rights of its existing shareholders, allowing the HFSF to subscribe for the entirety of Eurobank Ergasias S.A.'s share capital increase, resulting in the effective nationalisation of the bank.

On 10 May 2013, the Bank of Greece revoked the licence of First Business Bank S.A., which is currently under liquidation and, on the same day, National Bank of Greece S.A. acquired its viable assets and liabilities. Pursuant to the decisions of the Bank of Greece and Law 3601/2007, the HFSF will fund the difference between the value of the assets and liabilities.

Competition in the Greek Banking Market

Greece's entry into the eurozone in 2001 has redefined the strategic goals and the activities of domestic financial institutions, with rapid technological developments and the integration of the financial and capital markets resulting from a significant number of mergers and acquisitions in the banking sector during the period from 2006 to 2008. The economic crisis in Greece since 2009 has

posed significant new challenges for the industry. Notwithstanding the economic crisis, Greek banks have continued to expand their activities and the largest Greek banks have continued to maintain market shares as significant as they had prior to the beginning of the crisis.

The four largest commercial banks measured by loans are the National Bank of Greece S.A., Eurobank Ergasias S.A., Alpha Bank S.A. and Piraeus Bank S.A. The deposit market share of the four major Greek banks, as well as smaller banks, as at 31 December 2012 is the following:

- Piraeus Bank S.A.: 29% (including the Acquired Businesses);
- National Bank of Greece S.A.: 22%;
- Alpha Bank S.A.: 20% (including Emporiki Bank S.A. which is in the process of being integrated); and
- Eurobank Ergasias S.A.: 12%.
- Smaller market shares are held by New Hellenic Post Bank S.A.: (6%) and Attica Bank S.A.: (2%.)

(Source: Bank of Greece and publicly available information for each bank.)

It is expected that as a result of its restructuring, the Greek banking sector will be composed of a smaller number of large, well-capitalised systemic banks, compared to the beginning of the financial crisis, with a number of smaller banks which, together with the systemic banks, will ensure stability and competitiveness in the market.

In 2012, as a result of the extended recession in Greece, limited liquidity and negative sentiment in the market, loans by Greek banks fell by 8%, whilst deposits by eurozone residents also decreased by 5%. Interest margins for new operations (average monthly interest rates of new loans minus the corresponding interest rates of new deposits) for Greek banks decreased to 2.9% in December 2012 from 4.0% in December 2011 and 3.9% in December 2010. The decrease in 2012 was due to the decrease in the average interest rate on new loans of 100 basis points, to approximately 5.8%, and due to the decline of EURIBOR rates, whilst the average interest rate for new deposits remained almost unchanged at 2.9%.

Foreign Banks

According to the Bank of Greece, as at May 2013 there were 15 foreign banks or branches of foreign banks operating in the Greek banking market. The foreign banks with the largest operations in Greece are Citibank and HSBC Bank plc.

The Hellenic Republic Bank Support Plan

In November 2008, the Greek Parliament passed Law 3723/2008, which sets out the Hellenic Republic Bank Support Plan. The law was passed with the goal of strengthening Greek banks' capital and liquidity positions in an effort to safeguard the Greek economy from the adverse effects of the global financial crisis. The Hellenic Republic Bank Support Plan was revised by subsequent legislation and six ministerial decisions which increased the return on the preference shares of Pillar I referred to below and amended the prohibition on the payment of dividends, increased the total amount that can be provided by the Hellenic Republic under Pillar II referred to below, extended the duration of the plan as a whole until 30 June 2013 and increased, from 1 July 2010 onwards, the commission paid to the Hellenic Republic for the provision of guarantees under Pillar II.

The Hellenic Republic Bank Support Plan, as currently applicable, comprises the following three pillars, each of which is described below:

Pillar I: Up to €5 billion in non-dilutive capital designed to increase Tier I ratios. The capital takes the form of non-transferable redeemable preference shares ("Special Preference Shares") with a 10% fixed return. The fixed return is payable in any case, save for article 44A of Law 2190/20, or unless the payment of the relevant amount would result in the reduction of the Core Tier I capital of the bank below the prescribed minimum level. The issue price of the Special Preference Shares must be the nominal value of the common shares of the last issue of each bank. The Special Preference Shares are to be redeemed (either in Greek Government bonds or in cash) at their issue price either within five years from the date of their issue or, at the election of a participating bank, earlier with the approval of

the Bank of Greece. At the time the Special Preference Shares are redeemed for Greek government bonds, the nominal value of the bonds must be equal to the initial nominal value of the bonds used for the subscription of the Special Preference Shares. Moreover, the bonds should mature on the redemption date of the Special Preference Shares or within a period of up to three months from such date. In addition, on the redemption date of the Special Preference Shares, the market price of the bonds should be equal to their nominal value. If this is not the case, then any difference between their market value and their nominal value shall be settled by payment in cash between the credit institution and the Greek government. On the date of redemption, the fixed dividend return (10%) will also be paid to the Hellenic Republic. In case they are not redeemed within five years from their issue or no decision has been adopted by the participating bank's general meeting of shareholders on redemption, the Greek Minister of Finance shall impose, pursuant to a recommendation by the Bank of Greece, a gradually cumulative increase of 2% per year on the 10% fixed return. Pursuant to a decision by the Minister of Finance, following a recommendation by the Governor of the Bank of Greece, the banks will be required to convert the Special Preference Shares into ordinary shares or another existing class of shares if redemption is not possible due to noncompliance by the bank with the minimum capital adequacy requirements set by the Bank of Greece for such banks. The conversion ratio will be determined by virtue of the above decision of the Minister of Finance and will take into account the average market price of the Bank's ordinary shares during the calendar year preceding such conversion.

Pillar II: Up to €85 billion in Hellenic Republic guarantees. These guarantee new borrowings by all Greek banks (excluding interbank borrowings) concluded through 30 June 2013 (whether in the form of debt instruments or otherwise) and with a maturity ranging from three months to three years. These guarantees will be granted to banks that meet the minimum capital adequacy requirements set by the Bank of Greece as well as criteria set out in Decision No. 54201/B2884/2008 of the Minister of Finance, as currently applicable, regarding capital adequacy, market share size and the maturity of liabilities and share of the mortgage and SME lending market. The terms under which guarantees are granted to financial institutions are included in Decision Nos. 2/5121/2009 and 29850/B1465 of the Minister of Finance.

Pillar III: Up to €8 billion in debt instruments. These debt instruments have maturities of less than three years and may be issued by the Greek Public Debt Management Agency (the "PDMA") through 30 June 2013 to participating banks meeting the minimum capital adequacy requirements set by the Bank of Greece. The debt instruments bear no interest, are issued at their nominal value in denominations of €1 million and are listed on the ATHEX. They are issued by virtue of a bilateral agreement executed between the participating bank and the PDMA. At the applicable termination date of the bilateral agreement (irrespective of the maturity date of the debt instruments) or at the date Law 3723/2008 ceases to apply to a bank, the debt instruments must be repaid. The participating banks must use the debt instruments received only as collateral for refinancing, in connection with fixed facilities from the ECB, and/or for purposes of interbank financing. The proceeds of liquidation of such instruments must be used to finance mortgage loans and loans to SMEs on competitive terms.

Participating banks that use either the capital or guarantee facilities will have to accept a government-appointed director. The director will be added to the existing directors of the participating banks and will have veto power over certain corporate decisions both at board and shareholder assembly level pertaining to directors and senior management compensation and dividend policy. However, the government-appointed director may only use its veto power following a decision of the Minister of Finance or if he considers that the relevant corporate decisions may jeopardise the interests of depositors or materially affect the solvency and effective operation of the participating bank. In addition, participating banks will be required to limit maximum executive compensation to that of the Governor of the Bank of Greece, and must not pay bonuses to senior management as long as they participate in the Hellenic Republic Bank Support Plan. Also, during that period, dividend payouts for those banks will be limited to up to 35% of distributable profits of the participating bank (at the parent company level). According to Law 3756/2009, as amended, participating banks may only distribute dividends to holders of ordinary shares exclusively in the form of ordinary shares in relation to financial years 2008-2012, which must not be from treasury shares, and may not purchase treasury shares.

Further, participating banks are obliged not to pursue aggressive commercial strategies, including advertising the support they receive from the plan, in an attempt to compete favourably against competitors that do not enjoy the same support. Participating banks are also obliged to avoid expanding their activities or pursuing other aims, in such a way that would lead to unjustifiable

distortions of competition. To this end, the participating banks must ensure that the mean growth rate of their assets on a yearly basis will not exceed the highest of the following ratios:

- the Hellenic Republic's nominal GDP growth rate for the preceding year;
- the mean annual asset growth rate of the banking sector during the period 1987-2007; or
- the mean annual asset growth rate of the EU banking sector during the past six months.

To oversee the implementation and regulation of the plan, Law 3723/2008 provided for the establishment of a supervision council (the "Council"). The Council is chaired by the Minister of Finance. Members currently include the Governor of the Bank of Greece, the Deputy Minister of Finance (who is responsible for the Greek General Accounting Office) and the government-appointed directors of each of the participating banks. The Council convenes on a monthly basis and has a mandate to supervise the correct and effective implementation of the plan and to ensure that the resulting liquidity is used for the benefit of the depositors, the borrowers and the Greek economy overall. Participating banks that fail to comply with the terms of the plan will be subject to certain sanctions, and the liquidity and guarantees provided to them may be revoked in whole or in part.

According to a resolution adopted by shareholders at an extraordinary general meeting held on 23 January 2009, we issued 77,568,134 redeemable convertible Special Preference Shares at a nominal value of €4.77 each, after waiving pre-emptive rights of the existing shareholders in favour of the Hellenic Republic. The issue was fully subscribed by the Hellenic Republic, through the transfer by the latter to the Bank of an equivalent amount of Greek government bonds, in accordance with Law 3723/2008. Pursuant to a shareholders' resolution passed at the extraordinary general meeting on 23 December 2011, we increased our share capital by issuing 1,266,666,666 redeemable convertible Special Preference Shares of a nominal value of €0.30 per share, after waiving the pre-emption right of its existing shareholders, which were subscribed for in their entirety by the Hellenic Republic in exchange for bonds issued by the Hellenic Republic of an equal amount, in accordance with Law 3723/2008. For more information concerning the effects of our participation in the Hellenic Republic Bank Support Plan, see "Description of Share Capital—Special Preference Shares of Law 3723/2008".

Of the other banks in Greece participating in the support plan, National Bank of Greece S.A. increased its share capital by €1,350 million, Eurobank Ergasias S.A. by €950 million, Alpha Bank S.A. by €940 million, ATEbank (now in liquidation, with selected assets and liabilities acquired by us) by €675 million, the Hellenic Postal Savings Bank by €225 million, Attica Bank S.A. by €100 million, Proton Bank S.A. by €80 million and First Business Bank S.A. by €50 million. The HFSF extended its commitment to 30 June 2013.

BlackRock

In August 2011, the Bank of Greece mandated Blackrock, a U.S.-based investment, advisory and risk management company, to conduct an independent diagnostic assessment of the domestic loan portfolio of the largest Greek banks, including the Bank. This was in accordance with the commitment undertaken by the Bank of Greece under the Second Economic Adjustment Programme in the context of ensuring that Greek banks were adequately capitalised. The Blackrock Diagnostic Assessment was conducted on balances as at 30 June 2011 and utilised assumptions and estimates based on information available during the fourth quarter of 2011. The study, which was completed at the end of 2012, made an assessment of the losses that would occur either in a three-year period or during the receivables' portfolio life under two scenarios, one basic and one extreme, and the assessment was communicated individually to each bank in order to be incorporated into their capital needs' estimation during 2012.

In December 2012, the Bank of Greece circulated the BlackRock Diagnostic Assessment, together with the detailed findings for each bank. The study highlighted that the expected losses of the Bank's loan portfolio, under the basic scenario, would amount to €3.0 billion in a three-year period and to €3.5 billion during the portfolio life.

The study also highlighted the expected losses of the loan portfolio under an adverse scenario, estimating that such losses would amount, in a three-year period to €4.0 billion, and during the portfolio life to €4.8 billion.

As at 31 December 2012, the Group had formed accumulated impairment provisions including write-offs for the period 1 July 2011 up to 31 December 2012, in the amount of €3.9 billion in respect

of the loan portfolio assessed by Blackrock. The recognition of accumulated provisions in the financial statements is based on the accounting rules of IAS 39 (incurred loss model) which are not related to the methodology used in the Blackrock Diagnostic Assessment.

Economic Adjustment Programmes, the PSI and Buy-Back Programme

The aggravated financial condition of Greece since the end of 2009 has limited, to a significant extent, our and other banks' access to the international capital markets. In early May 2010, the Greek government agreed to the first economic adjustment programme jointly supported by the IMF, the EU and the ECB (the "First Economic Adjustment Programme"), which would provide significant financial support of €110 billion in the form of a cooperative package of IMF and EU funding. The First Economic Adjustment Programme was established pursuant to two memoranda, each dated 3 May 2010, which set out a series of fiscal measures and structural reforms, including the creation of the HFSF.

On 21 February 2012, following consultations at an international level, the IMF, the EU and the ECB agreed a new support programme for Greece (the "Second Economic Adjustment Programme"). The Second Economic Adjustment Programme's main objective was to ensure the sustainability of Greek government debt and to restore competitiveness to the Greek economy. Pursuant to the Second Economic Adjustment Programme, Greece was to set fiscal consolidation targets so as to return to a primary surplus by 2013, to fully carry out the privatisation plan and to proceed to implement structural reforms in the labour, goods and services markets. In addition, the principles for private sector involvement ("PSI") in the restructuring of the Hellenic Republic's sovereign debt were agreed, as well as the 53.5% reduction in the nominal value of Greek government bonds. As a result of the PSI, which began on 24 February 2012 and was completed on 25 April 2012, the total amount of sovereign debt restructured was approximately €199 billion, i.e. 96.9% of the total eligible bonds (approximately €205.5 billion).

Apart from the PSI principles, in order to ensure the sustainability of Greek government debt, it was also decided on 21 February 2012 that: (i) the interest rate margin on the loan that Greece had been granted by the eurozone countries would be retroactively decreased to 150 basis points; (ii) the ECB's income from acquiring and holding Greek bonds would be allocated to central banks and through them to the Member States, which would in turn direct such amounts to Greece's debt relief; and (iii) central banks holding Greek bonds in their investment portfolio would cede the income arising from these bonds to Greece until 2020.

According to a 2012 report by the European Commission, the eurozone's contribution to cover the financing needs of Greece (including, *inter alia*, the PSI and the recapitalisation of banks) for the 2012–2014 period was estimated to be €144.7 billion, whilst the IMF's contribution for this period was estimated to be €19.8 billon. In particular, the IMF announced that the first aid package to Greece, under a Stand-By Arrangement, would be cancelled, while approving a four-year loan for an amount of €28.0 billion (the last tranche of which is expected to be disbursed on 29 February 2016) through the IMF's extended fund facility ("EFF") arrangement. The EFF arrangement provides for a longer repayment period than the Stand-By Arrangement. It was also determined that the tranches of the new loan would be equally allocated, and the immediate disbursement of an amount of approximately €1.65 billion was approved. At the same time, in March 2012, the EFSF received approval to release to Greece an amount of €39.4 billion in tranches. According to the reports by the European Commission and the IMF at that time, it was estimated that the recession in the Greek economy would persist in 2012 (GDP decrease of approximately 4.7%), the growth rate would be zero in 2013, and growth would begin again in 2014. From a fiscal point of view, the target was to achieve a primary surplus by 2013 that would reach 4.5% of GDP in 2014, whilst the general government gross debt would, in line with the baseline scenario, by 2020 be approximately 116% of GDP. Based on the Second Economic Adjustment Programme, it was estimated that additional measures would be necessary, apart from those which had already been approved in the medium-term fiscal strategy in 2011 and in the 2012 budget. In particular, the bulk of the adjustment would be achieved by spending cuts, while the main reforms, including those determined in the medium-term fiscal strategy and in the 2012 budget, included, *inter alia*, streamlining and better targeting social expenses, restructuring government, structural tax reform and reforms in tax administration and collection. In addition, fiscal institutional reforms, policies for the financial sector, a privatisation plan and structural reforms were also determined. In this context, a primary goal of the Second Economic Adjustment Programme is the

solidification and recapitalisation of the Greek banking system as well as the resolution of non-viable banks.

However, by mid-2012, the political uncertainty created in Greece after two elections, the delays in implementing the programme, as well as a stronger-than-expected recession in the Greek economy, led to a review of the terms of the Second Economic Adjustment Programme, as the sustainability of Greek government debt was put into question. On 27 November 2012, following consultations on national and international levels, basic points and actions were determined, with the aim of achieving the sustainability of Greek government debt at 175% of GDP in 2016, 124% in 2020 and below 110% in 2022. At the same time, an agreement was reached to extend the programme and delay the targeted primary surplus of 4.5% of GDP from 2014 to 2016. Among other things, it was agreed that the interest rate on bilateral state loans would be reduced, that the time frame to pay back the tranches of bilateral state loans and loans by EFSF would be extended, that payment of interest on EFSF loans would be deferred and that Member States would return to Greece any profits made on the Greek bonds they held. However, these actions are subject to restrictions, such as the strict implementation of the programme by Greece. At the same time, on 3 December 2012, the PDMA announced the terms for the Buy-Back Programme. The Greek government organised an auction for buying back Greek government bonds. On 11 December 2012, the process was completed and total offers amounted to a nominal value of approximately €31.9 billion, while the weighted average price was approximately 33.8% of the nominal value. For the buy-back of the bonds offered, six-month EFSF notes were issued for a nominal value of €11.29 billion (including accrued interest).

As a result of the above actions, by the end of December 2012 and the beginning of January 2013, the European Commission and the IMF completed the review of the Second Economic Adjustment Programme and approved disbursement of the next tranches.

Financing of the Greek Economy by the Economic Adjustment Programmes

From May 2010, when the First Economic Adjustment Programme was concluded, until May 2013, the eurozone and the IMF disbursed approximately €205 billion to Greece (bilateral state loans from eurozone countries and EFSF: €180 billion; IMF: €25 billion). Implementation of the Second Economic Adjustment Programme is expected to result in additional disbursements of approximately €17.4 billion by the EFSF by 2014 and approximately €23 billion by the IMF by February 2016.

Review Reports by the European Commission and the IMF Regarding the Implementation of the Second Economic Adjustment Programme

According to reports prepared by the European Commission and the IMF in December 2012 and January 2013, the recession rate in Greece in 2013 is expected in 2013 to decrease to 4.2% of GDP, compared to a decrease of approximately 6.4% in 2012. In its report, the European Commission estimates that the recession in 2012 and 2013 is linked to all basic parameters of domestic demand, given that the cuts in wages, the rise in unemployment and the restriction of social benefits have all affected disposable income. However, the European Commission estimates that in the medium-term, investments and exports will be the driving force of economic activity, while indications of recovery on a quarterly basis are expected beginning in the second half of 2013.

The IMF report acknowledged the progress made in structural reforms, through actions to reduce indirect labour costs, and reforms in the market for goods and confirmed the extension of the primary surplus target by two years (to 2016), rescheduled the disbursement of the tranches (the next tranches were set at approximately €1.8 billion each) and adjusted privatisation targets down, among other things.

According to the second review of the Second Economic Adjustment Programme, Greece continues to make progress, public finances are steadily improving and important structural reforms are being implemented. The macroeconomic assessment is broadly unchanged from the previous review with moderate price declines of 0.8% and 0.4% in 2013 and 2014, respectively. Overall, a GDP contraction of 4.2% is expected in 2013, but investment and exports are expected to generate a projected annual GDP growth of 0.6% in 2014. The annual unemployment rate is projected to peak at 27% in 2013 and then decline to 26% and 21% in 2014 and 2016, respectively.

Corrective actions in the event of deviations from the Second Economic Adjustment Programme

Fiscal adjustment has been extended in time so as to reduce the impact of recession. The revised target provides for a primary deficit of 1.5% of GDP in 2012, and steady improvement by 1.5% of GDP annually up to 2016. However, in line with the Second Economic Adjustment Programme, the fiscal adjustment rate will be accelerated to the extent that revenues from privatisations deviate from the target and there is low funding (by half the deviation from the budgeted privatisation income and up to the amount of €1 billion plus additional adjustment per year).

A strategy has also been developed to achieve a primary surplus of 4.5% of GDP by 2016. The Greek government expects that income will increase when the economy enters the recovery phase, whilst benefits are also expected from the stronger and more efficient administration of revenue collection procedures. Furthermore, government efficiency is expected to improve through a series of additional reforms to government expenditure. To the extent that the fiscal deficit persists, there exist strategies which could be adopted to resolve it, including improving tax collection and broadening the tax base by further reducing exemptions and tax deductions, extending measures that are due to expire and applying targeted current spending cuts.

The Hellenic Financial Stability Fund (HFSF)

Summary. The First Economic Adjustment Programme required the establishment of the HFSF, funded by the Greek government out of the resources made available by the IMF and the EU to ensure adequate capitalisation of the banking system. If supervisory assessments conclude that a bank's capital buffer might fall below adequate levels to be determined, the shareholders will be invited to immediately bring additional capital or take bridging capital support from the HFSF. In its initial form, the capital support programme would provide equity to banks in the form of preference shares that could convert to ordinary shares. Should the financial targets set out under the restructuring plan devised by the HFSF and the Bank of Greece not be complied with, the HFSF would have the power to convert the preference shares into ordinary shares. The aforementioned capital support programme was subsequently amended in 2011 and 2012 to provide recapitalisation through the issue by Greek banks of ordinary shares, contingent convertible securities or other convertible instruments to be subscribed by the HFSF in the way described below. The HFSF will manage its participations in the banks with a view to selling all of its holdings in a limited time frame and to maximise sale proceeds, and will make use of its shareholder rights to steer the board of the credit institution in a direction which would maximise its market value.

The HFSF has an initial duration of seven years, until 30 June 2017, with the possibility of (i) a one-year extension in case there are still outstanding warrants at the initial termination date of the HFSF duration; and (ii) a two-year extension following a decision by the Minister of Finance, if it is necessary for the achievement of the HFSF's objectives. Any shares remaining in the HFSF at the time it ceases its activities will be transferred to the Hellenic Republic. The amount of funds earmarked for the HFSF out the IMF and EU resources is currently €50 billion.

With the amendment of Law 3864/2010 by Law 4051/2012, the administrative structure of the HFSF was amended to the effect that there are two HFSF administrative bodies with decision-making powers, namely the seven-member General Council and the three-member Executive Committee. Appointees of the Bank of Greece and the Ministry of Finance sit on the General Council, whilst an appointee of the Bank of Greece sits on the Executive Committee. One appointee of the ECB and one appointee of the EC each has the right to participate in the meetings of the General Council and the Executive Committee as an observer. The appointment of the other members sitting on the General Council and the Executive Committee requires the consent of the Euro Working Group.

The HFSF was established by Greek Law 3864/2010 as a private law entity, with the objective of helping to maintain the stability of the Greek banking system by providing equity capital in the event of a significant decline in capital buffers. Capital support will be provided to systemic banks through the subscription by the HFSF of new common shares, contingent convertible securities or other convertible financial instruments issued by such banks in accordance with Law 3864/2010 to meet capital requirements determined by the Bank of Greece for each systemic bank.

In May 2012, Cabinet Act No. 15 was issued, setting the terms of the presubscription agreements to be drafted, between the HFSF, the systemic banks, the EFSF and the Bank of Greece. They were signed on 28 May 2012. Following the execution of the presubscription agreements, the HFSF

contributed EFSF notes in a total nominal value of €18 billion to the systemic banks as an advance payment in respect of its participation in the subsequent share capital increases of the systemic banks, thus restoring their solvency ratios so that they would meet the 8% capital adequacy ratio requirement.

In November 2012, Cabinet Act No. 38 was issued to define the terms of the recapitalisation plan and the share capital increases.

In the context of the share capital increases, the systemic banks are expected to raise a minimum of 10% of the capital increase amount from private sector investors, with the HFSF providing the balance. If a minimum of 10% of the share capital increase of a systemic bank is subscribed for by the private sector, as set forth in Law 3864/2010, then the exercise of the HFSF's voting rights in respect of their remaining capital contribution will be restricted to the exercise of voting rights solely on resolutions amending the bank's articles of association, including share capital increases or decreases, granting a relevant authorisation to the Board of Directors, mergers, divisions, conversions, revivals, extensions of the term or dissolution of the company and transfers of assets, including sales of subsidiaries or any other matter requiring an increased majority, in accordance with Law 2190/1920. To the extent that private sector participation is below 10%, the HFSF will have unrestricted shareholder voting rights in respect of its shareholdings in the relevant systemic bank.

If the 10% threshold is met, the HFSF will issue warrants, for the ordinary shares it subscribes, which will be provided against no consideration to the private investors participating in the share capital increase.

In regard to capital support through subscription of contingent convertible securities, these securities will be issued at par value and are perpetual unless they are redeemed or converted under the provisions of Cabinet Act No. 38. The securities are to be held exclusively by the HFSF or by the credit institution as a result of a repurchase right and form part of Core Tier I capital. The bonds yield a fixed coupon and are mandatorily converted into common shares of the credit institution five years after the issue date at a conversion price determined according to Cabinet Act No. 38.

Funding. The HFSF's capital is €50 billion, consisting of funds that will be raised within the context of the EU's and the IMF's support mechanism for Greece by virtue of Greek Law 3845/2010. It shall be gradually paid in by the Hellenic Republic and shall be evidenced by instruments which shall not be transferable until the expiry of the term of the HFSF. The HFSF's capital may be increased by a decision of the Minister of Finance. After the expiry of the HFSF's term and the completion of the liquidation process, the HFSF's capital and assets will be transferred to the Hellenic Republic by operation of law. In the event of the liquidation of a credit institution, the HFSF, in its capacity as a shareholder of such credit institution will be satisfied preferentially towards any other shareholders together with the Hellenic Republic as holder of the Special Preference Shares of Greek Law 3723/2008 (Hellenic Republic Bank Support Plan).

Powers of the HFSF. The HFSF will have certain powers over credit institutions receiving capital from the HFSF. These powers will be without prejudice to the supervisory powers of the Bank of Greece, and will include, among others, the power to:

- appoint up to two members to the board of directors of a credit institution, as representatives of the HFSF;
- veto key corporate decisions of a credit institution both at the board and shareholder assembly levels (e.g. business strategy, dividend distributions, salary caps relating to the chairman, managing directors and the other Board members, general managers and deputies, liquidity and asset liability management as well as any other matter which may set at risk the rights of depositors or have a material adverse effect on the liquidity, solvency and/or, in general, on the prudent and orderly operation of the credit institution, including its business strategy and asset/liability management);
- request an adjournment of a Board meeting for three business days in order to receive instructions from the HFSF Executive Committee, following consultation with the Bank of Greece;
- call a Board meeting;
- approve the appointment of the chief financial officer;

- include items on the agenda of the Board and certain bank committees' meetings in which such representatives participate;
- call a general shareholders' meeting for a credit institution in accordance with Greek company law; and
- have free access to all books and records of the bank.

Each of the Bank of Greece, in its capacity as the competent authority for the supervision of credit institutions, and the HFSF will be authorised to exchange confidential information with one another to the fullest extent permitted by law.

Further, by virtue of the presubscription agreement entered into among each credit institution, the HFSF and the EFSF, the HFSF representative appointed to the Board of Directors of each credit institution will have the following additional powers:

- to participate in the meetings of the Audit Committee, the Risk Committee, the Remuneration Committee and the Nomination Committee as well as the committee which shall be responsible for monitoring the implementation of the restructuring plan which will be approved by the HFSF and the European Commission;
- to include items on the agenda of the meetings of the credit institution's board of directors and of the committees in which the HFSF's representative participates; and
- to be informed monthly by the Executive Committee of the credit institution about all transactions that have a material impact and have not been discussed by the credit institution's board of directors and the committees in which the HFSF's representative participates, and to receive the agenda and the minutes of the Executive Committee regarding decisions on transactions having a material impact.

Further, by virtue of the presubscription agreement, the credit institution's statutory auditors must be agreed by the HFSF.

These additional rights will remain in effect until the completion of the Ordinary Share Capital Increase.

In accordance with the provisions of Greek Law 3864/2010, our relationship with the HFSF following the completion of the Ordinary Share Capital Increase will be governed by a relationship framework agreement, as provided in the Memorandum of Economic and Financial Policies, which is expected to come into force in the near term. The relationship framework agreement may contain terms and commitments in addition to those we are already subject to. We intend to inform investors upon execution of the relationship framework agreement in accordance with Law 3340/2005.

Approval of HFSF restructuring plans by the EC. Any restructuring plan imposed by the HFSF is required to comply with EU rules on state aid and be approved by a decision of the EC ensuring that the credit institutions will restore viability at the end of the restructuring period, burden-sharing of shareholders will be achieved and distortion of competition is limited. In line with EU state aid rules, in January 2013, Monitoring Trustees were appointed in all banks under restructuring, including us. The Monitoring Trustees are responsible for overseeing the implementation of restructuring plans and our compliance with applicable state aid rules.

The Bank of Greece has implemented intensified supervision of credit institutions and increased the resources dedicated to banking supervision. This includes an increase in the frequency and speed of data reporting, and the further development of a comprehensive framework for regularly stress-testing financial institutions. Staffing will be increased both for on-site inspections and off-site review, whilst also taking into account the new responsibilities of the Bank of Greece with respect to insurance supervision. Additional flexibility will be introduced in the management of human resources, and all Bank of Greece staff will be granted legal protection for actions performed in good faith.

Lock-up Undertaking. The presubscription agreement provides for a lock-up undertaking (the "Lock-up Undertaking") to be imposed on the Bank, with effect from the date of execution of the presubscription agreement until 18 months after the date of completion of the Rights Offering, i.e. the date of delivery of the New Shares to the purchasers thereof. In particular, the Bank has undertaken, subject to limited exemptions, (i) not to proceed with any transactions whatsoever with respect to its Ordinary Shares (including New Shares), such as issues, sales, transfers, pledges, liens, charges, grants

of security or options over such shares, or in any other way dispose of its legal title or beneficial interest in its Ordinary Shares; (ii) not to enter into any swap or similar agreement that transfers the economic consequences of the ownership of its Ordinary Shares; (iii) not to proceed to any capital increase or issue of securities, convertible or exchangeable or exercisable into its Ordinary Shares; and (iv) not to publicly disclose any intention to do any of the aforementioned. Financial instruments to be issued in the context of the Offering are excluded from the Lock-up Undertaking, as well as any transactions carried out in the ordinary course of business in order to facilitate customer transactions, or expressly provided in the business plan that the Bank has procured in accordance with Article 6 paragraph 2 of Law 3864/2010. In addition, the Lock-up Undertaking does not apply to the issue of shares upon the conversion of convertible instruments outstanding as at the date of the Presubscription Agreement, while the HFSF can grant waivers in writing or decide in its sole discretion to release any securities subject to the Lock-up Undertaking.

Contingent Convertible Securities

In the event that a credit institution is required to issue contingent convertible securities to be subscribed by the HFSF, they will be issued following a decision of the general meeting of the credit institution expressly stating that it is made pursuant to Cabinet Act No. 38 and Greek Law 3864/2010. Their issue may precede or follow the completion of the share capital increase. These bonds will be issued at par value, will be of indefinite term with no expiry date, unless redeemed or converted into shares, and will incorporate direct, unsecured, subordinated claims of their holder towards the credit institution. The bonds shall be held only by the HFSF or the credit institution if the latter exercises its buy-back right.

The total nominal value of the contingent convertible securities will be determined by the credit institution and in no event will be higher than the amount deriving from the difference between the amount of the total capital needs of the credit institution, as set out by the Bank of Greece under the scope of Cabinet Act No. 38 and the amount defined by the Bank of Greece as necessary in order for the Core Tier I ratio of the credit institution to amount to at least 6%.

The contingent convertible securities shall be included as part of the Core Tier I of the credit institution. The net profits of the issue of the bonds will be used by credit institutions for the enhancement of the Core Tier I ratio at levels determined by the Bank of Greece, also taking into account the suggestions of the EBA.

Please see "Description of Share Capital—Contingent Convertible Securities".

The Greek Banking Sector Under the Hellenic Economic Crisis and the Economic Adjustment Programmes

As a result of the economic crisis detailed above, the stability of the Greek financial system came under considerable pressure in recent years. In particular, the instability in the money and capital markets, including the market for Hellenic Republic bonds, adversely affected the profitability and liquidity ratios of the Greek banking sector. Whilst the widening of Hellenic Republic bond credit spreads increased the market risk for Greek banks, the deterioration of the financial situation of businesses and households led to a further increase in NPL ratios for Greek banks. A rise in the NPL ratio was observed across all loan categories, with the total NPL ratio increasing from 10.4% as at 31 December 2010, to 15.9% as at 31 December 2011 and to 24.6% as at 31 December 2012. Specifically, losses from financial operations, coupled with a significant increase (on an annual basis) in provisions for credit risk, adversely affected banks' results of operations. Subsequently, the capital adequacy and financial results of operations of banks and their groups were significantly impacted by the PSI, implemented in March and April 2012.

To enhance the ability of Greek banks to use the refinancing facilities of the Eurosystem, the Greek government, upon the approval of the European Community, extended, initially until 30 June 2010 and subsequently until 31 December 2010, the deadline for the use of unallocated funds under the Hellenic Republic Bank Support Plan, which was established by Law 3723/2008, as revised by subsequent legislation. Law 3845/2010 expanded the bank bond guarantee scheme under the Hellenic Republic Bank Support Plan by €15 billion (in addition to the €15 billion which were initially provided for by Law 3723/2008). Moreover, by virtue of Law 3872/2010, the bank bond guarantee scheme was expanded by another €25 billion. In this context, Greek banks issued bonds guaranteed by the Greek government totalling approximately €28 billion and received special Hellenic Republic bonds of approximately €7.7 billion as at 30 September 2010. Greek banks' access to liquidity was further

facilitated by measures taken by the ECB, which decided on 3 May 2010 to accept as collateral in the Eurosystem's refinancing operations all Hellenic Republic bonds, as well as bonds guaranteed by the Greek government, irrespective of their credit rating. Finally, by virtue of law 3965/2011, the bank bond guarantee scheme was expanded by another €30 billion.

To restore the capital adequacy of Greek banks, the Second Economic Adjustment Programme for Greece contemplated a €50 billion programme in February 2012. According to the Bank of Greece, the capital needs of all Greek banks was €40.5 billion for the period up to 2014, out of which €27.5 billion were required for the four systemic banks (National Bank of Greece S.A., Eurobank Ergasias S.A., Alpha Bank S.A. and Piraeus Bank S.A.). The amount of €40.5 billion included losses of €37.7 billion, or 93% of that amount, which resulted from the implementation of the PSI. The four systemic banks, having €27.5 billion in capital needs, incurred losses from the PSI of €28.2 billion as at 31 December 2011.

The 13% decrease in deposits in Greek banks observed during the first half of 2012 was reversed after the June 2012 elections and the forming of a new government, and deposits in Greek banks increased by 14% between the end of June 2012 and the end of the first quarter of 2013. As at the end of 2012, financing of Greek banks through the Eurosystem amounted to €121 billion, out of which only €19 billion originated from the European Central Bank. The limited liquidity conditions and the use of the Emergency Liquidity Assistance by Greek banks have contributed to the considerable increase of their funding costs, whilst the cost of deposits remained at a particularly high level.

The Bank of Greece is expected to closely monitor developments to ensure that the necessary steps are taken to increase the capital adequacy of banks where needed. The establishment of the HFSF, the allocation of €50 billion under the Second Economic Adjustment Programme to recapitalise Greek banks, as well as the current implementation of the share capital increases of the Greek systemic banks, provide a safety net for Greek banks' capital adequacy. Additionally, the amount of €0.5 billion is still available for the provision of liquidity to the Greek banks under Law 3723/2008.

The Bank of Greece intends to conduct stress tests during the last quarter of 2013 on Greek banks based on data as at 30 June 2013, in order to confirm their capital adequacy following their recapitalisation.

Risks of Implementing the Second Economic Adjustment Programme

The implementation of Second Economic Adjustment Programme's measures continues to be subject to a range of substantial risks, including:

- Recessionary pressures are far more intense and prolonged than initially projected, taking a heavy toll on the fiscal adjustment effort, on both the revenue and expenditure sides, whilst the deterioration in labour market conditions is unprecedented (with an unemployment rate of 26% in the fourth quarter of 2012).
- In the event of policy implementation deficiencies or shortfalls, or in the event that the economy takes longer to respond to labour market and supply-side reforms, recession is likely to be deeper than expected, leading to a higher debt trajectory and additional debt relief by the public sector, and/or a default on bonded debt.
- Market concerns regarding public debt sustainability may not dissipate despite substantial debt relief and significant debt re-profiling.
- The process of internal devaluation and the restoration of competitiveness—despite the rapid progress in wage cost containment—could be more prolonged than currently projected by the Second Economic Adjustment Programme, investor sentiment could remain poor despite the reform efforts, or bank deleveraging could proceed more rapidly than envisioned, undermining corporate investment and private sector sentiment.
- Implementation of the Second Economic Adjustment Programme will require strong political will and public support in the upcoming years, which will be greatly challenged by already-substantial social costs, due to austerity measures and the prolonged recession. Against this backdrop, a potential demand from EU partners or the IMF for additional corrective measures or amendments to the agreement underlying the Second Economic Adjustment Programme could destabilise the coalition government, possibly derailing the Second Economic Adjustment Programme.

- The Hellenic Republic may continue to experience difficulty accessing the private capital markets, even if, for example, the time period for which the Programme provides full funding has been extended further by about two years, to 2016, in the context of a new agreement being reached with the ECB, the EU and the IMFC (the "Troika") in the fourth quarter of 2012. On a positive note, as was stated by the Eurogroup on November 26/27, 2012, euro-area Member States are committed to providing "adequate support to Greece during the life of the Programme and beyond until the country has regained market access, provided that Greece fully complies with the requirements and objectives of the adjustment".
- Economy-wide liquidity conditions are likely to remain tight against a background of closed interbank and wholesale markets and a decline in domestic bank deposits caused by uncertainty and the recession (by 34% between the third quarter of 2009 and the fourth quarter of 2012). To date, ECB liquidity has been sufficient to counterbalance the contraction of alternative liquidity sources through sufficient Eurosystem lending, whilst an ELA facility has been activated by the Bank of Greece since the third quarter of 2011. The loss of deposits may be much larger than envisaged and terms under which liquidity support is provided from the Eurosystem may be tightened or terminated.
- Considerable uncertainty surrounds short-term economic prospects in the eurozone and the medium-term unconditional political commitment of eurozone member partners, including concerns about eurozone member partners' ability and determination to support the Greek effort in the upcoming years and to ensure Greece's programme financing and debt sustainability in the medium- to long-term. In this context, the commitment of the IMF to participate in Second Economic Adjustment Programme financing may also be questioned in the future.

Accordingly, these are extremely uncertain times for the banking sector in the Hellenic Republic and the EU and it is difficult for us to predict or state with any degree of certainty whether the Second Economic Adjustment Programme and any amendments thereto will be implemented successfully and, if implemented successfully, whether it will have the effects intended, and how severe an impact on our results of operations and financial condition an implementation of the Programme and any amendments thereto, successful or unsuccessful, might have. For more details on the risks and uncertainties that we face regarding the failure to implement the stabilisation plan and otherwise, see "Risk Factors—Risks Relating to the Hellenic Republic Economic Crisis".

SELECTED CONSOLIDATED FINANCIAL AND OTHER INFORMATION

The selected financial and other information provided below has been derived from our consolidated financial statements as at and for the years ended 2012, 2011 and 2010, and our unaudited consolidated interim financial statements as at and for the three-month periods ending 31 March 2013 and 2012, which have been prepared in accordance with IFRS. Our audited financial statements have been audited by PricewaterhouseCoopers S.A. Our unaudited interim consolidated financial statements have been prepared in accordance with IAS 34. You should read the selected financial and other information along with "Operating and Financial Review and Prospects" and our consolidated financial statement as included elsewhere in this Offering Memorandum.

The selected financial and other information provided below as at and for the year ended 31 December 2012 and as at and for the three months ended 31 March 2013 include the contributions of certain of the Acquisitions, as follows:

- our financial condition and results of operations as of and for the year ended 31 December 2012 include the ATEbank Acquired Business, from the date of their acquisition, 28 July 2012, and Geniki Bank S.A., from the date of its acquisition, 15 December 2012; and
- our financial condition and results of operations as of and for the three months ended 31 March 2013 include the Cypriot Acquired Businesses, from the date of their acquisition, 26 March 2013, as well as the ATEbank Acquired Business and Geniki Bank S.A., which we acquired in the second half of 2012.

Consolidated Statement of Income Data

(€ in millions)	Year ended 31 December			Three months ended 31 March	
	2010[1]	2011	2012	2012	2013
				(Unaudited)	
Net interest income	1,187.9	1,172.6	1,027.5	235.2	314.5
Net fee and commission income	188.3	197.8	217.6	45.8	55.0
Other operating income[2]	100.4	(148.2)	972.2	113.3	62.2
Negative goodwill due to the acquisition of assets and liabilities of Cypriot banks' network in Greece	—	—	—	—	3,413.7
Total net income	1,476.6	1,222.2	2,217.3	394.3	3,845.4
Staff costs	(389.9)	(389.6)	(424.0)	(84.6)	(148.6)
Other operating expenses[3]	(447.5)	(433.8)	(485.5)	(93.2)	(115.1)
Total operating expenses before provisions	(837.4)	(823.4)	(909.5)	(177.7)	(263.7)
Impairment losses on loans, debt securities and other receivables	(568.5)	(3,828.1)	(2,057.2)	(294.4)	(505.1)
Impairment on investment securities	(10.4)	(3,964.7)	(391.1)	(312.9)	(0.4)
Other provisions and impairment	(6.5)	(90.9)	(59.6)	(0.3)	(0.7)
Share of profit of associates	(3.7)	(31.3)	14.7	(1.4)	1.8
Profit/loss before income tax	50.1	(7,516.2)	(1,185.4)	(392.3)	3,077.3
Income tax expense	(5.1)	894.1	663.1	436.1	537.4
Tax contribution	(24.6)	—	—	—	—
Profit/(loss) after tax from continuing operations	20.4	(6,622.0)	(522.3)	43.7	3,614.7
Profit/(loss) after income tax from discontinued operations	(41.6)	3.9	13.0	1.2	12.2
Profit/(loss) after tax	(21.2)	(6,618.1)	(509.2)	45.0	3,626.9
From continuing operations:					
Profit/(loss) for the year/period attributable to equity holders of the parent entity	20.1	(6,617.2)	(513.3)	45.8	3,616.7
Non-controlling interest	0.3	(4.8)	(9.0)	(2.1)	(1.9)
From discontinued operations:					
Profit/(loss) for the year/period attributable to equity holders of the parent entity	(40.6)	3.8	13.0	1.2	12.2
Non-controlling interest	(1.0)	0.1	0.0	0.0	0.0
Earnings/(losses) per share attributable to equity holders of the parent entity (in euros):					
From continuing operations:					
Basic and diluted	0.3171	(61.1602)	(4.4909)	0.4011	31.6349
From discontinued operations:					
Basic and diluted	(0.640)	0.035	0.1135	0.0106	0.1065

(1) The consolidated statement of income data provided in this table for 2010 are derived from the 2010 financial information provided for comparative purposes in the 2011 audited consolidated income statements included elsewhere in this Offering Memorandum. This information differs from the income statement data provided in our 2010 audited consolidated statement of income due to required changes in the presentation of Marathon Banking Corporation as discontinued operations; the transfer of the Piraeus Bank Egypt Group from discontinued operations to ongoing operations; changes in our earnings per share resulting from the share capital increase and the non-payment of dividends for preference shares; and a reclassification of funds in the amount of €10.4 million from Investment Portfolio Securities to Provisions and Impairment.

(2) Other operating income includes: i) Dividend income; ii) Net trading income; iii) Net income from financial instruments designated at fair value through profit or loss; iv) Results from investment securities; and v) Other operating income.

(3) Other operating expenses include: i) Administrative expenses; ii) Depreciation and amortisation; and iii) Gains/(Losses) from sale of assets.

Consolidated Balance Sheet Data

(€ in millions)	As at 31 December			As at 31 March
	2010[1]	2011	2012	2013
				(Unaudited)
ASSETS				
Cash and balances with Central Banks	2,993.3	2,552.7	3,307.5	3,275.2
Loans and advances to credit institutions	1,476.9	316.1	380.4	477.6
Loans and advances to customers (net of provisions)	37,638.1	34,005.6	44,612.7	60,686.5
Other assets[2]	15,453.1	11,320.6	21,728.4	21,133.1
Assets from discontinued operations	—	1,157.2	377.2	353.9
Total assets	57,561.3	49,352.3	70,406.2	85,926.4
LIABILITIES				
Due to credit institutions	19,930.3	25,413.6	32,561.3	28,105.3
Due to customers	29,475.0	21,795.7	36,971.2	53,339.8
Hybrid capital and other borrowed funds	510.4	499.0	324.1	322.4
Other liabilities[3]	4,371.9	2,576.6	2,259.2	2,259.9
Liabilities from discontinued operations	—	1,007.3	605.8	598.1
Total liabilities	54,287.6	51,292.2	72,721.7	84,625.6
EQUITY				
Share capital	470.9	1,093.0	1,093.0	1,093.0
Share premium	2,430.9	2,953.4	2,953.4	2,953.4
Less: Treasury shares	(8.8)	(0.2)	—	—
Other reserves	(432.8)	(131.1)	(4.7)	(4.4)
Amounts recognised directly in equity relating to non-current assets from discontinued operations	—	(14.5)	9.3	9.3
Retained earnings	672.7	(5,975.6)	(6,503.8)	(2,877.1)
Capital and reserves attributable to equity holders of the parent entity	3,132.8	(2,075.1)	(2,444)	1,174.2
Non-controlling interest	140.9	135.2	128.5	126.6
Total equity	3,273.7	(1,939.8)	(2,315.5)	1,300.7
Total liabilities and equity	57,561.3	49,352.3	70,406.2	85,926.4

(1) The consolidated balance sheet data provided in this table for 2010 are derived from the 2010 financial information provided for comparative purposes in the 2011 audited consolidated balance sheet included elsewhere in this Offering Memorandum. This information differs from balance sheet information provided in our audited consolidated balance sheet for 2010 as there was a set-off in 2011 between deferred tax receivables and liabilities concerning the same tax authority, which required, purposes of comparability, that the assets of 2010 were reclassified and deferred tax liabilities amounting to €118,955 thousand were set off against deferred tax receivables, which amounted in total to €416,837 thousand. After the set-offs, deferred tax receivables were €297,882 thousand and deferred tax liabilities, which were originally €160,865 thousand, were €41,910 thousand.

(2) Other assets include: i) Derivative financial instruments—assets; ii) Trading securities; iii) Financial instruments at fair value through profit or loss; iv) Reverse repos with customers; v) Debt securities—receivables; vi) Investment securities; vii) Investments in associated undertakings; viii) Intangible assets; ix) Property, plant and equipment; x) Investment property; xi) Assets held for sale; xii) Deferred tax assets; xiii) Inventories property; and xiv) Other assets.

(3) Other liabilities include: i) Liabilities at fair value through profit or loss; ii) Derivative financial instruments—liabilities; iii) Debt securities in issue; iv) Retirement benefit obligations; v) Other provisions; vi) Current income tax liabilities; vii) Deferred tax liabilities; and viii) Other liabilities.

The following table presents the loans to deposits ratio on a consolidated basis as at the dates indicated:

Loans to Deposits Ratio

(€ in millions)	As at 31 December 2010	2011	2012	As at 31 March 2013 (Unaudited)
Loans and advances to customers (net of provisions)	37,638.1	34,005.6	44,612.7	60,686.5
Due to customers	29,475.0	21,795.7	36,971.2	53,339.8
% loans to deposits	128%	156%	121%	114%

The following table presents the method of calculation of the non-performing loan ratios (when 90 days past due, in accordance with IFRS 7) and the non-performing loan coverage ratios during the period in question:

Non-Performing Loan and Coverage Ratios

(€ in millions)	As at 31 December 2010	2011	2012	As at 31 March 2012	2013 (Unaudited)
Non-performing loans > 90 days	2,960.2	4,994.2	11,759.7	5,864.1	22,540.0
Cumulative provisions	(1,433.1)	(3,052.4)	(5,960.6)[1]	(2,829.2)	(11,181.6)[2]
Loans to customers before provisions	39,071.2	37,058.0	50,573.3[3]	35,999.0	71,868.1[4]
Non-performing loan ratio	7.6%	13.5%	23.3%	16.3%	31.4%
Non-performing loan coverage from cumulative provisions ratio	48.4%	52.2%	50.6%	48.2%	49.6%

(1) Includes a €3,833.0 million allowance for impairment on loans and advances to customers and the €2,127.7 million fair value adjustment of opening balances at the acquisition date relating to the allowance for impairment of loans of the ATEbank Acquired Business and Geniki Bank, which was applied to loans and advances to customers in accordance with IFRS 3.

(2) Includes a €4,226.7 million allowance for impairment on loans and advances to customers and the €6,954.9 million fair value adjustment of opening balances at the acquisition date relating to the allowance for impairment of loans of the ATEbank Acquired Business, Geniki Bank and the Cypriot Acquired Businesses, which was applied to loans and advances to customers in accordance with IFRS 3.

(3) Represents gross loans prior to the €2,127.7 million fair value adjustment of opening balances at the acquisition date relating to the allowance for impairment of loans of the ATEbank Acquired Business and Geniki Bank, which was applied to loans and advances to customers in accordance with IFRS 3. As applied, this adjustment decreases the balance of loans and advances to customers before provisions and it is not included in the €3,833.0 million allowance for impairment on loans and advances to customers. However, for purposes of monitoring credit risk and for disclosure purposes according to IFRS 7, this adjustment does not affect the balances of loans and advances before provisions, as we have not stopped monitoring the adjustment as part of the provisions.

(4) Represents gross loans prior to the €6,954.9 million fair value adjustment of opening balances at the acquisition date relating to the allowance for impairment of loans of the ATEbank Acquired Business, Geniki Bank and the Cypriot Acquired Businesses, which was applied to loans and advances to customers in accordance with IFRS 3. As applied, this adjustment decreases the balance of loans and advances to customers before provisions and it is not included in the €4,226.7 million allowance for impairment on loans and advances to customers. However, for purposes of monitoring credit risk and for disclosure purposes according to IFRS 7, this adjustment does not affect the balances of loans and advances before provisions, as we have not stopped monitoring the adjustment as part of the provisions.

The following table presents certain key ratios:

	As at 31 December 2010	2011	2012	As at 31 March 2012	2013
Loans to deposits ratio[1]	128%	156%	121%	158%	114%
Loans to assets ratio[2]	65%	69%	63%	70%	71%

(1) Loans and advances to customers (net of provisions) to customer deposits.

(2) Loans and advances to customers (net of provisions) to total assets.

Selected Financial Ratios

	As at 31 December			As at 31 March	
	2010	2011	2012	2012	2013
				(Unaudited)	
Capital Adequacy Ratios					
Capital Adequacy Key Ratio (Tier I)[1]	8.4%	(6.0)%	9.3%[3]	(5.3)%	14.9%[4]
Total Capital Adequacy Ratio[2]	9.3%	(5.0)%	9.7%[3]	(4.6)%	15.2%[4]
Total risk weighted assets (in million €)	38,123.5	34,722.3	43,175.5	34,923	58,178
Liquidity ratios					
Loans to assets to ratio	65%	69%	63%		
Per share data					
Number of ordinary shares (at period end)	336,272,519	1,143,326,564	1,143,326,564	1,143,326,564	1,143,326,564
Average weighted number of ordinary shares (not including treasury shares)[5]	634,164,709	1,081,944,334	1,142,930,123	1,142,913,883	1,143,251,755
Basic and adjusted profit / (losses) per share (not including treasury shares) from ongoing operations (€)[6][7]	0.3171	(61.1602)	(4.4909)	0.4011	31.6349
Basic and adjusted profit / (losses) per share (not including treasury shares) from discontinued operations (€)[6][7]	(0.640)	0.035	0.1135	0.0106	0.1065
Dividend per ordinary share	—	—	—	—	—

(1) Capital adequacy ratio of Tier I regulatory capital (Tier I regulatory capital) according to the definition of the Bank of Greece divided with the risk weighted assets).

(2) Total capital adequacy ratio (Tier I and supplementary total regulatory capital according to the definition of the Bank of Greece divided with the risk weighted assets).

(3) Includes capital advances from the HFSF of €6.3 billion and commitment for capital support in connection with the ATEbank Acquisition of €570 million.

(4) Includes the total amount of capital guaranteed by the HFSF (€7,905 million), as well as €524 million in connection with the Cypriot Acquisitions that the HFSF will provide us in the form of EFSF notes.

(5) According to the provisions of IAS 33, the average weighted number of shares for year 2010 has been adjusted with a 1.8889 factor in order to reflect the impact on profit / (loss) per share of the share capital increase at a selling price lower than the current one.

(6) The basic profit / (loss) per share is calculated by dividing profit / (loss) after tax attributed to the ordinary shareholders of the parent with the average weighted number of ordinary shares in issue during the fiscal year, excluding the average number of treasury shares which the Group held. In fiscal years 2010-2012 there is no reason that differentiates the adjusted from the basic profit / (loss) per share.

(7) The information for year 2010 was reformed to be comparable to the information for year 2011 and reflect the resolution of the annual ordinary General Meeting of Shareholders for 2011, on the non-payment of dividend to the shareholders of the preference share for fiscal year 2010.

THE ACQUISITIONS

Since July 2012, we have acquired four banking businesses in Greece, against the backdrop of the ongoing restructuring and consolidation of the Greek banking sector. Since the onset of the economic crisis in Greece, Greek banks have undergone and are currently undergoing a phase of significant consolidation. Eight banks, including Proton, T Bank, TT Hellenic Postbank and ATEbank have been placed in liquidation with selected assets and liabilities being transferred to bridge banks and other credit institutions or to the HFSF. Please see "The Banking Sector and the Economic Crisis in Greece—The Structure of the Banking Sector in Greece and Recent Developments—Consolidation".

The Acquisitions include the following transactions:

(i) the July 2012 acquisition of selected assets and liabilities of ATEbank;

(ii) the December 2012 acquisition of Geniki Bank S.A., SG's Greek subsidiary;

(iii) the acquisition in March 2013 of the Greek operations of three Cyprus-based banks, namely Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank, including the operations of Investment Bank of Greece; and

(iv) the signing in April 2013 of a definitive agreement for the acquisition of MBG, the Greek subsidiary of BCP Millennium. This transaction remains subject to approvals by a number of competent authorities, including the Hellenic Competition Committee, the Bank of Greece, the Central Bank of Portugal, the Portuguese Ministry of Finance, the Competition Directorate of the European Commission and the HCMC with respect to the acquisition of Millennium Mutual Funds.

The Largest Bank in Greece

With the Acquisitions, we have become the largest bank in Greece measured by total assets, gross loans, customer deposits and branch network as at 31 March 2013. We expect that the Acquisitions will help to improve our access to financing and consolidate our leading position in the new banking landscape now taking shape in Greece.

The following table sets out information relating to our consolidated assets, loans net of provisions and customer deposits as at 31 December 2011 and 2012 and 31 March 2013.

(€ in millions)	Total Assets	Loans (Net of Provisions)	Customer Deposits
As at 31 December 2011	49,352.3	34,005.6	21,795.7
As at 31 December 2012 (including the ATEbank and Geniki Acquisitions)	70,408.5	44,612.7	36,971.2
As at 31 March 2013 (including the ATEbank, Geniki and Cypriot Acquisitions)	85,926.4	60,686.5	53,339.8

As at 31 December 2012, MBG had €4,822.4 million, €4,235.5 million and €2,912.1 million in total assets, loans and advances to customers and customer deposits, respectively. (Source: Audited financial statements as at and for the year ended 31 December 2012, which were prepared by MBG in accordance with IFRS.)

Assuming antitrust and regulatory approvals for the MBG Acquisition and satisfaction of certain conditions, our resulting business will have a network of 1,306 branches and 18,589 employees in Greece and 444 branches and 6,167 employees internationally.

Operating Cost, Funding and Revenue Synergies

The information set forth below should be read together with the information contained in "Forward-Looking Statements", "Risk Factors", "Operating and Financial Review and Prospects" and our financial statements and the notes related thereto included elsewhere in this Offering Memorandum.

We have prepared the expected synergies and integration costs set out below on the basis of certain assumptions and projections relating to the integration process we have begun and which will continue in respect of the Acquisitions, as well as our business plan for the new combined bank going forward.

These assumptions are inherently subject to significant uncertainties and actual results may differ, perhaps materially, from those projected. The Bank cannot provide any assurance that these assumptions are correct or that these projections and estimates will reflect our actual results of operations. See "Risk Factors—Risks Relating to the Acquisitions".

We believe we will be able to derive significant synergies in connection with the Acquisitions, which we estimate, on a fully phased, pre-tax basis to be approximately €547 million per annum beginning three years from the Acquisitions. These synergies are expected to come largely from costs savings that we expect will result from the consolidation of branches and staff in a reasonable and socially responsible manner. We also expect to generate synergies from lower funding costs, assuming the funding costs of the Acquired Businesses are aligned to our current funding costs, and cross selling to the customers of the Acquired Businesses. These synergies, if realised, are expected to boost our earning capacity and capital generation, while helping to provide a buffer against potential future losses. We believe these synergies to be feasible in light of our market leading experience in executing post-acquisition integration strategies, having successfully executed approximately 20 acquisitions and mergers in the last 15 years.

The following table sets out the breakdown of the estimated fully phased, pre-tax synergies of approximately €547 million per annum that we expect to achieve beginning three years from the Acquisitions.

	Costs	Funding	Revenue	Total	Percentage (%)
	(in € million)				
ATEbank Acquired Business	118	47	29	194	35%
Geniki Bank S.A.	43	2	5	50	9%
Cypriot Acquired Businesses	150	100	0	250	46%
MBG	30	13	10	53	10%
Total	**341**	**162**	**44**	**547**	**100%**

Integration

At the time of integration, our credit policies, internal audit policies, compliance/anti-money-laundering policies and risk policies are applied to the banking operations of the acquired banks, as well as our policies and procedures for the restructuring, remedial management, work-outs and retail collections. According to the Blackrock Diagnostic Assessment report prepared in December 2011, we possess among the best infrastructure, both business and technical, in Greece and, accordingly, intend to use this same infrastructure for the banking operations of each of the Acquired Businesses, which we believe has and will achieve immediate and tangible benefits.

In connection with the integration of the Acquired Businesses, we anticipate incurring approximately €423 million in costs. These costs are expected to be phased in over three years with 38% being incurred in 2013, 45% incurred in 2014 and the remaining 17% incurred in 2015. Of these costs, we estimate that the integration of the ATEbank Acquired Business, Geniki Bank S.A., the Cypriot Acquired Businesses and the MBG Acquisition will account for approximately €159 million, approximately €60 million, approximately €170 million and approximately €34 million, respectively.

Post-Acquisition Capital Position

As at 31 March 2013, our capital ratios, as adjusted to reflect the MBG Acquisition, would have been 13.3% and 14.5% for Equity Tier I and EBA Core Tier I, respectively (compared to 13.5% and 14.8%, respectively, excluding the MBG Acquisition as at 31 March 2013), and 14.6% and 14.8% for Tier I and Total BIS (compared to 14.9% and 15.2%, respectively, excluding the MBG Acquisition as at 31 March 2013). The capital adequacy ratios include capital the €8.4 billion capital increase, as well as €0.4 billion of estimated negative goodwill in relation to the MBG Acquisition, and MBG's risk weighted assets of €4.1 billion as at 31 March 2013. The estimated negative goodwill has been based on a €0.4 billion book value of MBG as at 31 March 2013 against consideration of €1 million that we will

contribute at the completion of the MBG Acquisition. MBG's book value includes the conversion of a subordinated debt as well as a share capital increase of €400 million, as required by the Bank of Greece. The completion of the purchase price allocation in respect of the MBG Acquisition is expected to be conducted by an independent accounting firm following the consummation of the MBG Acquisition.

ATEbank Acquisition

On 27 July 2012, we acquired selected assets and liabilities of ATEbank for cash consideration of €95 million. Through this transaction, we purchased the ATEbank's branch network, all of its deposits, performing assets and certain other operations. Our acquisition of these assets safeguarded ATEbank's deposits, ensured continued service to ATEbank's customers. The portion of ATEbank that we did not purchase was put into liquidation.

The following table sets out selected financial and other information relating to the ATEbank Acquired Business as at the date of acquisition, including fair value adjustments.

(€ in billion except percentages or otherwise stated)	As at 27 July 2012
Selected Financial Data and Ratios[1]	
Assets	21.6
Net Loans	11.0
Deposits	14.9
Loans/Deposits	74%
Market Shares in Greece[2]	
Market Share Loans	4.4%
Market Share Deposits	8.5%
Customers/Branches/Employees (number of)[3]	
Customers (million)	2.1
Branches	468
Employees	5,024

(1) The selected financial data and the selected ratios are based on information derived from our audited consolidated financial statements as at and for the year ended 31 December 2012, which were prepared in accordance with IFRS.

(2) The market share data are based on information derived from the unaudited unconsolidated interim condensed financial information of Piraeus Bank S.A. as at and for the three-month period ended 31 March 2013, which were prepared in accordance with IFRS, adjusted to exclude our non-Greek operations, as well as information provided by the database of the Bank of Greece.

(3) The branches and employees relate to activities in Greece. Remaining information is derived Piraeus Bank S.A. data.

As part of the transaction, we acquired shareholdings in ATE Mutual Funds (100%), ATE Bank Romania S.A. (93.27%), ATE Insurance S.A. (100%) and ATE Insurance Romania S.A. (a subsidiary of ATE Insurance S.A. by 99.47%). On 18 April 2013, we signed an agreement to dispose of ATE Bank Romania S.A. for €10.3 million, which remains subject to antitrust and regulatory approvals and satisfaction of certain conditions. In addition, we intend to dispose of ATE Insurance S.A. and ATE Insurance Romania S.A. and, consequently, have characterised these subsidiaries for accounting purposes as discontinued operations.

The initial estimate of ATEbank's total performing assets assessed as at 27 July 2012 at the time of the ATEbank Acquisition was €14.9 billion, while total liabilities were assessed as being €21.6 billion, creating a funding gap of €6.7 billion. Of the customer deposits, 60% were savings and sight deposits, which carry a lower cost versus time deposits and are more stable. According to the Bank of Greece's final assessment in January 2013, the funding gap between the total liabilities and the performing assets of ATEbank was estimated to be €7.5 billion. The HFSF provided us with €7.3 billion in EFSF notes and €0.2 billion in cash to cover the funding gap.

The ATEbank Acquired Business serves 2.1 million customers. We believe increasing our agri-business services will benefit the Bank, as the agricultural sector is expected to contribute significantly to the recovery of Greek exports and the Greek economy more generally. Through the ATEbank Acquisition, we now have established relationships with approximately 700,000 farmers in Greece.

In connection with the ATEbank Acquisition, we did not purchase the approximately €4.8 billion of NPLs on ATEbank's balance sheet at the time of acquisition, which were retained by the entity that was liquidated.

We expect to derive certain synergies from the integration of the ATEbank Acquired Business, which we estimate, on a fully phased, pre-tax basis to be approximately €194 million per annum beginning three years from the ATEbank Acquisition. We expect that these synergies will be derived from:

- cost synergies, including the closure of branches, elimination of overlapping infrastructures, retirement of personnel with no replacement by new employees, equal to approximately €118 million;
- funding synergies equal to approximately €47 million; and
- revenue synergies equal to approximately €29 million.

Integration costs related to the carve-out of ATEbank are expected to reach approximately €159 million, to be realised in 2013-2015 period. These costs relate mainly to infrastructure and resources costs from the integration of the ATEbank Acquired Business due to its significant size.

In connection with the acquisition, the HFSF provided us with an in-kind capital contribution in the form of EFSF notes in an aggregate principal amount of €7.3 billion, as well as cash of €0.2 billion to cover the difference in value between the transferred assets and liabilities of ATEbank.

Additionally, the HFSF has committed to provide us with a further in-kind capital contribution in the form of EFSF notes in an aggregate principal amount of €570 million as part of the Additional HFSF Offering.

The integration of the ATEbank Acquired Business is underway, as evidenced by the migration of the business loan portfolios and the transfer of all customer data to our customer relationship management platforms in the first quarter of 2013. The integration plan involves, among other things, the appointment of an executive steering committee responsible for the integration programme headed by the CEO and with participants from ATEbank. In order to facilitate everyday operations, a clear reporting structure was developed and implemented and a Project Management Office (PMO) and integration project team were appointed. The unification of all reporting lines, harmonisation of credit policies, monitoring processes and collection processes, rationalisation of the workforce and preparation of the IT migration are expected to be completed in June 2013.

Geniki Acquisition

On 14 December 2012, we acquired Geniki Bank S.A. from SG for approximately €1 million. Geniki Bank, which was established in 1937, is one of the oldest banks in Greece, with an acknowledged brand and client base. Geniki Bank offered a wide range of banking and financial services, including retail banking, corporate banking for small, medium and large enterprises, credit cards, leasing and factoring. Geniki Bank's services are provided through a branch network, which as at 31 December 2012, numbered 104 branches. Geniki Bank also provided its services through alternative networks, such as e-banking platforms and, as at 31 December 2012, 173 ATMs.

As part of the transaction, SG agreed to invest a total amount of €460 million. This amount consisted of:

- a capital contribution by SG into Geniki Bank S.A. in the amount of €290 million; and
- the subscription by SG of €170 million in aggregate principal amount of 1.0% senior unsecured notes issued by us. The notes are redeemable at par upon our election and require that upon redemption the redemption money be used to subscribe for Ordinary Shares or securities exchangeable into Ordinary Shares as part of a recapitalisation plan for 0.5% of our Ordinary Share capital calculated on a fully diluted basis, or, if our recapitalisation process is not concluded by mid-2014, the bonds are automatically transformed into Tier I capital bonds with a permanent write-down mechanism.

In Geniki Bank S.A., we acquired a bank that at the time of the acquisition complied with the regulatory capital requirements established under Greek law and by the Bank of Greece.

We expect to derive certain synergies from the integration of Geniki Bank S.A., which we estimate, on a fully phased, pre-tax basis to be approximately €50 million per annum beginning three years from the Geniki Acquisition. We expect that these synergies will be derived from:

- cost synergies, including administrative and staff cost savings attributed to the integration of Geniki Bank S.A., equal to approximately €43 million. The integration of Geniki Bank S.A. is expected to provide benefits from economies of scale that previously were not available due to the relatively small size of the operations;
- funding synergies through improved term deposit pricing expected to be approximately €2 million; and
- revenue synergies of approximately €5 million due to cross-selling of products to the clients of Geniki Bank S.A.

Integration costs related to Geniki Bank S.A. are expected to reach approximately €60 million, to be realised in 2013-2014 period.

The following table sets out selected financial and other information relating to Geniki Bank S.A. as at the date of acquisition, including fair value adjustments:

(€ in billion except percentages or otherwise stated)	As at 14 December 2012
Selected Financial Data and Ratios[1]	
Assets	2.9
Net Loans	1.9
Deposits	2.0
Loans/Deposits	94%
Market Shares in Greece[2]	
Market Share Loans	1.4%
Market Share Deposits	1.2%
Customers/Branches/Employees (number of)[3]	
Customers (thousand)	276
Branches	104
Employees	1,420

(1) The selected financial data and the selected ratios are based on information derived from our audited consolidated financial statements as at and for the year ended 31 December 2012, which were prepared in accordance with IFRS.

(2) The market share data are based on information derived from the audited unconsolidated financial statement of Piraeus Bank S.A. as at and for the year ended 31 December 2012, which were prepared in accordance with IFRS and reviewed by our independent auditors, adjusted to exclude our non-Greek operations, the audited financial statements of Geniki Bank S.A. as of and for the year ended 31 December 2012, as well as information provided by the database of the Bank of Greece.

(3) Piraeus Bank S.A. data.

As part of this acquisition, we acquired interests in Geniki Leasing S.A., Geniki Financial Services and Consulting S.A., Geniki Insurance Agency S.A. and Geniki Information and Control S.A., which are now subsidiaries of our Group.

Cypriot Acquisitions

On 26 March 2013, we paid €524 million to acquire all deposits, loans and branches in Greece of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank, including the personnel and branches of these banks in Greece, as well as the loans and deposits, including loans and advances of their subsidiaries in Greece (leasing, factoring and Investment Bank Greece—IBG), and, by virtue of subsequent agreements, the custody, settlement and related services in Greece of the three Cypriot Banks and the mutual funds distribution business of Cyprus Popular Bank. The agreement to purchase the Cypriot Acquired Businesses was reached on the basis of a proposal that we submitted in response to an invitation to the Greek banks by the Greek Government, the Bank of Greece and the HFSF. In connection with the Cypriot Acquisitions, the HFSF will subscribe for HFSF Private Placement New Shares in the amount of €524 million in exchange for an in-kind capital contribution in the form of EFSF notes in an equal amount.

We expect to derive certain synergies from the integration of the Cypriot Acquired Businesses, which we estimate on a fully phased, pre-tax basis to be approximately €250 million per annum beginning three years from the Cypriot Acquisitions. We expect that these synergies will be derived from:

- cost synergies derived from the integration of the Cypriot Acquired Businesses into our Group equal to approximately €150 million, mainly due to the closure of branches, elimination of overlapping infrastructure and retirement of personnel with no replacement by new employees; and
- funding synergies, through improved term deposit pricing, equal to approximately €100 million. The interest rates offered by the Cypriot banks for the relevant bank accounts (time deposits) were higher than the market and the Group's average. At the time of the Cypriot Acquisitions, 75% of the deposits of the Cypriot Acquired Businesses were time deposits.

Integration costs related to the Cypriot Acquisitions are expected to reach approximately €170 million, 50% of which we expect to be realised in each of 2013 and 2014 period.

The Cypriot Acquisitions were official sector-sponsored transactions, with the principal deal terms, such as assets to be transferred, price and timeline, set by the Bank of Greece. Accordingly, the banks that participated in the process, submitted bids and competed based on their integration and management capabilities.

We have commenced the integration process of the Cypriot Acquired Businesses. The integration plan will follow closely the system we used for the integration of the ATEbank Acquired Business. In particular, we set up an executive steering committee responsible for the integration programme that is headed by the CEO and participants from all four transaction parties, i.e., us and the Greek banking operations of each of Bank of Cyprus, Cyprus Popular Bank, and Hellenic Bank. In order to facilitate everyday operations, clear reporting structures for each of the three Cypriot bank assets have been developed and implemented. In addition, a Project Management Office (PMO) has been set up similar to the one used in the integration of the ATEbank Acquired Business, as well integration project teams.

The following table sets out selected financial and other information relating to the deposits, loans and branches in Greece of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank that we acquired as at 26 March 2013 Information in the table below relating to assets includes fair value adjustments.

(€ in billion except percentages or otherwise stated)	As at 26 March 2013[1]
Selected Financial Data and Ratios[2]	
Assets	18.9
Net Loans	18.5
Deposits	15.0
Loans/Deposits	124%
Market Shares in Greece[3]	
Market Share Loans	9.9%
Market Share Deposits	7.8%
Customers/Branches/Employees (number of)[4]	
Customers (million)	1.2
Branches	307
Employees	5,077

(1) Pursuant to the terms of the Cypriot Acquisitions, loans to clients and deposits of the Cypriot Acquired Businesses were transferred to the Bank as of 15 March 2013, while all other assets and liabilities of the Cypriot Acquired Businesses were transferred to the Bank as of 26 March 2013. Accordingly, the information in this table relating to the loans and deposits of clients were calculated as of 15 March 2013 and information relating to all other assets and liabilities of the Cypriot Acquired Businesses were calculated as of 26 March 2013.

(2) The selected financial data and the selected ratios are based on information derived from our unaudited consolidated interim financial statements as at and for the three month period ended 31 March 2013, which were prepared in accordance with IFRS and reviewed by our independent auditors.

(3) The market share data are based on information derived from the unaudited unconsolidated interim condensed financial information of Piraeus Bank S.A. as at and for the three month period ended 31 March 2013, which were prepared in

accordance with IFRS and reviewed by our independent auditors, adjusted to exclude our non-Greek operations, as well as information provided by the database of the Bank of Greece.

(4) Piraeus Bank S.A. data.

MBG Acquisition

On 21 April 2013, we signed an agreement with BCP regarding the acquisition of the entire share capital of its Greek subsidiary, MBG, and BCP's participation in our Recapitalisation Plan. MBG began operating in the Greek market in September 2000, with the launch of 45 branches. From 2005 until the MBG Acquisition, MBG was a part of the BCP group. MBG provided a wide range of financial services, including retail and corporate banking, asset management, financial services, insurance brokerage and investment services. Retail banking was the bank's principal line of business and included a variety of additional financial products and services provided to individuals and corporate clients through a network of branches. MBG's client base consists of 220,000 clients, its branch network was made up of 120 branches, it had 200 ATMs in Greece and a staff of 1,200 in Greece.

Under the agreement to acquire MBG, we will acquire 100% of the bank for €1 million. The transaction, which remains subject to the completion of certain conditions and approvals by a number of competent authorities, including the Hellenic Competition Committee, the Bank of Greece, the Central Bank of Portugal, the Portuguese Ministry of Finance, the Competition Directorate of the European Commission and the HCMC with respect to the acquisition of Millennium Mutual Funds, has two stages:

- at closing, BCP will fully recapitalise MBG to the €400 million requirement of Bank of Greece through the conversion of €261 million of existing intra-group funding, which is in addition to the €139 million that BCP contributed in December 2012.
- following closing, BCP will subscribe for €400 million of Ordinary Shares through a private placement for which existing shareholders have waived their pre-emption rights. BCP will receive Warrants together with the BCP Private Placement New Shares based on the same ratio as investors in the Offering. BCP's voting rights, as holder of the BCP Private Placement New Shares, will be restricted. Please see "The Offering—The BCP Private Placement".

On the terms of the transaction, we will acquire a bank that complies with the regulatory capital requirements established under Greek law and by the Bank of Greece.

The MBG Acquisition is expected to yield certain synergies, which we estimate on a fully phased, pre-tax basis to be approximately €53 million per annum beginning three years from the MBG Acquisition. These synergies are expected to include:

- cost synergies, derived mainly arise through branch optimisation and elimination of overlapping infrastructure (technology, operations, shared services etc.) of approximately €30 million;
- funding synergies, derived primarily from a reduction in time deposit negative spreads as deposit gathering activity is brought on our platform and the tariff system from lower deposit costs of approximately €13 million; and
- revenue synergies, derived mainly from bancassurance and asset management business lines of approximately €10 million.

Integration costs related to MBG are expected to reach approximately €34 million, to be realised in 2013-2015 period.

The following table sets out selected financial and other information relating to MBG as at 31 December 2012:

(€ in billion except percentages or otherwise stated)	As at 31 December 2012
Selected Financial Data and Ratios[1]	
Assets	4.8
Net Loans	4.2
Deposits	2.9
Loans/Deposits	145%
Market Shares in Greece[2]	
Market Share Loans	2.0%
Market Share Deposits	1.7%
Customers/Branches/Employees (number of)[3]	
Customers (million)	0.2
Branches	120
Employees	1,186

(1) The selected financial data and the selected ratios are based on information derived from the audited financial statements of MBG as at and for the year ended 31 December 2012, which were prepared in accordance with IFRS.

(2) The market share data are based on information derived from information provided by the database of the Bank of Greece.

(3) Piraeus Bank S.A. data.

The following discussion should be read in conjunction with the audited and unaudited financial statements and the notes thereto included elsewhere in this Offering Memorandum. Our audited consolidated financial statements included in this Offering Memorandum as at and for the years ended 31 December 2010, 2011 and 2012 were prepared in accordance with IFRS. Our unaudited financial statements as at and for the three-month period ended 31 March 2013 were prepared in accordance with IAS 34.

This Offering Memorandum does not include pro forma financial information to reflect the Acquisitions in our consolidated financial statements as if they had been consummated at an earlier date. As a result of the Acquisitions, the financial information presented in this Offering Memorandum, including our historical financial statements, may not be indicative of our future results of operations and financial condition and it may be difficult for investors to compare our future results to historical results or to evaluate our relative performance or trends in our business.

Overview

We are the largest bank in Greece as measured by assets, loans and deposits as at 31 March 2013. Outside Greece, we are active in four countries of SEE (Albania, Romania, Bulgaria and Serbia), as well as in Ukraine, Cyprus and Egypt. We also have a presence in London and Frankfurt.

We have recently significantly expanded our operations through the Acquisitions. As at 31 March 2013, we had €85,926.4 million, €60,686.5 million and €53,339.8 million in total assets, loans and advances to customers (net of provisions) and customer deposits, respectively. We had a ratio of non-performing loans of 31.4% and an NPL coverage ratio (after fair value adjustment) of 49.6% as at 31 March 2013.

We offer a wide range of financial services to retail and corporate clients, including retail banking (with advanced electronic banking applications), corporate banking, shipping finance, investment banking, capital markets and related services, brokerage services, asset management, treasury services and other ancillary services such as real estate, bancassurance, leasing and factoring. In Greece, we are among the leading providers of banking services and credit to retail and SME customers. We are also one of the leading advisers in Greece in capital markets and investment banking, leasing and shipping finance and one of the market leaders in electronic and green banking. With the ATEbank Acquisition, we are now the leading financial provider of loans to Greek farmers, facilitating operations that are subsidised by the EU and that offer great potential for deposit gathering and cross selling.

For the year ended 31 December 2012, we had total income of €2,217.3 million, which included net interest income of €1,027.5 million, net fee and commission income of €217.6 million, trading gains of €189.1 million, net gains from investment securities of €443.0 million and other income of €336.7 million (other operating income and dividends). For the three months ended 31 March 2013, we had total net income of €3,845.4 million, which consisted principally of €3,413.7 million in negative goodwill relating to the Cypriot Acquisitions that we recognised as other operating income during the period, as well as €314.5 million in net interest income, €55.0 million in net fee and commission income and €62.2 million from trading, dividend and other income.

In 2012 and in the first quarter of 2013 (excluding the negative goodwill relating to the Cypriot Acquisitions that we recognised in the first quarter of 2013), we derived 49.6% and 68.6%, respectively, of our total net income from retail banking operations (including SMEs), 15.0% and 25.9%, respectively, from corporate banking operations, 0.7% and 0.1%, respectively, from investment banking operations and the remaining 34.7% and 5.4%, respectively, from asset management, treasury services and other ancillary activities.

After consummation of all of the Acquisitions, and assuming we receive the antitrust and regulatory approvals for the MBG Acquisition and satisfy certain conditions, we will serve 6.7 million customers through a network of 1,750 branches and 24,756 employees worldwide, including a network of 1,306 branches in Greece and 444 foreign branches. We serve our customers in Cyprus through 14 branches (through our subsidiary Piraeus Bank Cyprus), in Ukraine through 38 branches (through our subsidiary JSC Piraeus Bank), in Serbia through 42 branches (through our subsidiary Piraeus Bank Beograd), in Egypt through 42 branches (through our subsidiary Piraeus Bank Egypt), in Albania through 56 branches (through our subsidiary Tirana Bank), in Bulgaria through 83 branches (through our subsidiary Piraeus Bank Bulgaria) and in Romania through 167 branches (through our subsidiary

Piraeus Bank Romania). We also have one branch in Frankfurt and one branch in London. In 2012, we reported a net loss (attributable to equity holders of the parent entity) of €47.3 million from our international operations. In the three months ended 31 March 2013, we reported a net loss (attributable to equity holders of the parent entity) of €4.5 million from our international operations. This performance is primarily the result of high provisioning in the region due to the prevailing adverse economic conditions. Our international operations recorded pre-provision income for the three months ended 31 March 2013.

Recent Developments

On 29 May 2013, and in accordance with the decisions of the Second Iterative General Meeting of the Bank's shareholders dated 23 April 2013, a meeting of the holder of the Special Preference Share dated 23 May 2013 and the relevant authorisations, our board of directors resolved to reduce the number of the Bank's outstanding Ordinary Shares from 1,143,326,564 to 114,332,657 in a 10-for-1 reverse stock split, resulting in an increase in the nominal value of each Ordinary Share from €0.30 to €3.00. The Board of Directors further resolved to increase our share capital by capitalising part of the Bank's reserves for the purpose of eliminating fractions of shares and to create a special reserve of €308,698,173.90 through the reduction of the Bank's share capital by reversing the increase in the nominal value of the Ordinary Shares from €3.00 to €0.30 without changing the post-reverse split number of Ordinary Shares of 114,332,657.

On 13 May 2013, we launched a tender offer in which we invited (a) holders of the outstanding €200,000,000 Series A Floating Rate Non-Cumulative Guaranteed Non-Voting Preferred Securities of Piraeus Group Capital Limited (the "Preferred Securities"), and (b) holders of the outstanding €400,000,000 Subordinated Callable Step-up Floating Rate Notes due 2016 of Piraeus Group Finance PLC (the "Lower Tier II Notes") to tender their Preferred Securities and/or Lower Tier II Notes for cash. The tender offer expired on 24 May 2013 and, on 28 May 2013, the Bank announced that it would accept for purchase €40 million of Preferred Securities and €26 million aggregate nominal amount of Lower Tier II Notes. The purpose of the tender offer was to optimise our regulatory capital structure while enhancing Core Tier I capital for the Group and resulted in an increase in our Core Tier I Capital of €37 million on a pre-tax basis.

Comparability of Results

Due to the changes in our business and operations as a result of the Acquisitions (as defined herein) that have been consummated, our financial condition and results of operations for periods prior to consummation of such Acquisitions may not be comparable to our financial condition and results of operations for post-Acquisitions periods.

The data included in our consolidated statement of cash flows for 2011, which are included in the audited consolidated statement of cash flows for 2012 for comparative purposes, were adjusted to reflect the treatment of Marathon Banking Corporation as discontinued operations and the reclassification of Piraeus Bank Egypt from discontinued operations to continuing operations.

The data included in our consolidated statement of cash flows for 2010, which are included in the audited consolidated statement of cash flows for 2011 for comparative purposes, were adjusted due to the presentation of Piraeus Bank Egypt as discontinued operations, the share capital increase and the non-payment of dividends for preference shares, as well as due to a reclassification of funds from investment portfolio securities to provisions and impairment.

Data in the consolidated statement of financial position for 2010, which are included in the audited consolidated statement of financial position for 2011 for comparative purposes, have been restated for comparativeness purposes due to the set-off in 2011 between deferred tax receivables and tax obligations.

Data in the consolidated interim income statement and the consolidated interim statement of changes in equity for the period ended 31 March 2012, which are included in the unaudited consolidated interim income statement and consolidated interim statement of changes in equity, respectively, for the period ended 31 March 2013 for comparative purposes, have been adjusted as a result of the retrospective application of IAS 19 "Employee Benefits".

Factors Affecting Our Results of Operations

The Greek economy

The economic environment in which we operate directly affects our financial prospects. The Greek economy is in its sixth year of recession. According to reports by the European Commission and the IMF, Greek GDP in 2013 is forecast to decrease by 4.2% compared to a decrease of 6.4% in 2012. In its report, the European Commission estimates that the recession in Greece in 2012 and 2013 is linked to all basic parameters of domestic demand, given that cuts in wages, the rise in unemployment and limitations on social benefits have all affected disposable income. However, the European Commission estimates that in the medium-term, investments and exports will be the driving force of economic activity, while indications of recovery on a quarterly basis are expected to start in the second half of 2013. Meanwhile, the European Commission and the IMF expect a fall in prices and an inflation rate of approximately negative 0.8% for 2013 while projections for unemployment rate in 2013 are at the level of approximately 27% of the labour force (IMF: 26.6%, European Commission: 27.0%).

In 2012, the general government deficit amounted to 10% of GDP, as compared to 9.4% in 2011, including the effect of the support provided by the government to financial institutions. If this government support were excluded, the general government deficit would have been 6.3% of GDP, compared with 9.4% in 2011. As at 31 December 2012, general government debt was 156.9% of GDP compared to 170.3% of GDP in 2011, which reflects, *inter alia*, the PSI and the Buy-Back Programme procedures.

The economic situation in Greece, despite a relative improvement in public finances, remains the most significant factor affecting the Greek banking sector in general and Piraeus Bank in particular. Negative developments in the economy have had, and are expected to continue to have, a significant effect on our liquidity, the quality of our loan portfolio, our results and capital base. See "Risk Factors—Risks relating to the Hellenic Republic Economic Crisis".

Certain economic developments in particular in Greece have had a significant effect on our results of operations and the results of operations of other Greek banks, including, but not limited to:

- the PSI;
- the Buy-Back Programme;
- increased funding costs that resulted from a lack of access to financing since the end of 2009 and to a significant reduction in domestic deposits from 2010, with a subsequent increase of funding through the Eurosystem;
- competitive landscape with increased costs of deposits;
- contraction in customer credit, including loans to businesses; and
- non-performing loans have increased due to the extended economic recession, resulting in a corresponding increase in provisions.

Please see "The Banking Sector and the Economic Crisis in Greece".

PSI and Buy-Back Programme

On 24 February 2012, a framework to involve the private sector in the restructuring of the Hellenic Republic's sovereign debt (the "PSI") was launched. Private sector investors were invited to exchange certain eligible Greek government bonds for new Greek government bonds. Under the terms of the PSI, existing Greek government bonds were exchanged for new Greek government bonds having a face amount equal to 31.5% of the face amount of the debt exchanged and two-year EFSF notes having a face amount equal to 15% of the face amount of the debt exchanged. Each participating holder also received detachable GDP-linked securities of the Hellenic Republic with a notional amount equal to the face amount of the new bonds of the Hellenic Republic issued to that participating holder. The PSI, which was completed on 25 April 2012, resulted in the restructuring of approximately €199 billion in Greek sovereign debt, or 96.9% of total eligible bonds.

We participated in the PSI and exchanged Greek government bonds with a face value of approximately €7.7 billion for new Greek government bonds having a face amount of €2.4 billion, EFSF notes having a face amount of €1.2 billion and detachable GDP-linked securities with a notional amount of €2.4 billion.

As a result of our participation in the PSI, we recorded losses of €5.9 billion and €311 million in our consolidated before tax results for the years ended 31 December 2011 and 2012, respectively, with respect to the Greek government debt we held.

In December 2012, the Greek government organised an auction for buying back Greek government bonds, the terms of which were announced by the PDMA. On 11 December 2012, the process was completed and total offers amounted to a nominal value of approximately €31.9 billion, while the weighted average price was approximately 33.8% of the nominal value. Participating bondholders whose government bonds were bought back in the programme received six-month EFSF notes in an aggregate nominal value of €11.3 billion, including accrued interest.

We participated in the Buy-Back Programme and exchanged 100% of our eligible Greek government bonds for EFSF notes and realised a profit of €394 million.

Please see "The Banking Sector and the Economic Crisis in Greece—Economic Adjustment Programmes, the PSI and Buy-Back Programme".

The Acquisitions

As a result of the Acquisitions, we have become the largest bank in Greece measured by total loans net of provisions, total customer deposits and branch network, which as at 31 March 2013 after giving effect to the MBG Acquisition, which remains subject to antitrust and regulatory approvals and satisfaction of certain conditions, were €64,850.1 million, €56,254.1 million and 1,750, respectively. The increase in the size of our business, as well as our assets and liabilities has had and is expected to continue to have a significant effect on our results of operations. In particular, the ATEbank Acquired Business, which we acquired on 27 July 2012, and, to a lesser extent, Geniki Bank S.A., which we acquired on 14 December 2012, contributed significantly to our results of operations for the year ended 31 December 2012 and the three months ended 31 March 2013. These Acquired Businesses, together with the Cypriot Acquired Businesses, which we acquired as of 26 March 2013, are expected to continue to have a significant effect on our results of operations in future periods.

We believe we will realise significant synergies from the Acquisitions, which we estimate, on a fully phased, pre-tax basis to be approximately €547 million per annum beginning three years from the Acquisitions. These synergies are expected to come largely from costs savings, that we expect will result from the consolidation of branches and staff in a reasonable and socially responsible manner, and from lower funding costs, mainly through improved time deposit pricing, assuming the funding costs of the Acquired Businesses are realigned to the current Piraeus Bank costs. We also believe we can realise modest revenue synergies by cross selling legacy products to the clients of the Acquired Businesses. Of these synergies, we estimate that the integration of the ATEbank Acquired Business, Geniki Bank S.A., the Cypriot Acquired Businesses and MBG will account for approximately €194 million, €50 million, €250 million and €53 million, respectively.

In connection with the integration of the Acquisitions, we anticipate incurring approximately €423 million in costs. These costs are expected to be phased in over three years with approximately 38% being incurred in 2013, approximately 45% incurred in 2014 and the remaining 17% incurred in 2015. Of these costs, we estimate that the integration of the ATEbank Acquired Business, Geniki Bank S.A., the Cypriot Acquired Businesses and the MBG Acquisition will account for approximately €159 million, approximately €60 million, approximately €170 million and approximately €34 million, respectively.

Please see "The Acquisitions".

Negative goodwill

We report goodwill as at the takeover date and calculate it as being the difference between (a) and (b), where:

(a) is the aggregate of:

  (i) the fair value of the purchase price, as well as minority interest; and

  (ii) the fair value of the Group's previous investment in the acquired business, if any; and

(b) the fair value of the difference between the known assets and liabilities as at the takeover date.

In the case of each of the Acquisitions, the calculation of the goodwill amount was determined to be a negative figure, and is subject to purchase price allocation.

ATEbank Acquisition. Negative goodwill of €96 million resulted from the ATEbank Acquisition. The purchase price allocation has not yet been finalised and, as a consequence, changes may be reported on the fair value of the ATEbank Acquired Business's net assets when the calculation is finalised. Any difference between the final goodwill and the initally reported goodwill will be included in our own funds.

Geniki Acquisition. In connection with the Geniki Acquisition, we recognised €350.9 million in negative goodwill, which was recorded as other operating income in the year ended 31 December 2012.

Cypriot Acquisitions. Similarly, in connection with the Cypriot Acquisitions, we recognised €3,413.7 million in negative goodwill, which was recorded in other operating income in the three months ended 31 March 2013. The estimated goodwill is subject to purchase price allocation, which is expected to be conducted by an independent auditor.

Recapitalisation Plan

In light of the capital losses that Greek banks incurred as a result of the PSI and the continuing adverse macroeconomic environment in Greece, the Bank of Greece initiated a process for the recapitalisation of Greek banks. In the first quarter of 2012, each of the banks in Greece submitted to the Bank of Greece detailed business plans covering the 2012 to 2015 period, as well as their plans to recapitalise. On the basis of these plans, which included both the effect of the PSI and the results of the Blackrock Diagnostic Assessment, the Bank of Greece identified four systemic Greek banks, including us, which the Bank of Greece assessed as viable.

A recapitalisation plan for the systemic banks, including the Bank, was established by Law 3864/2010 and the provisions of Cabinet Acts No. 15 and No. 38. As established by the government and the Bank of Greece, the Recapitalisation Plan comprises three steps:

- Bridge recapitalisation by the HFSF as an advance against the future share capital increases. To date, we have received an aggregate of €8.4 billion in advances and commitments from the HFSF, in the form of EFSF notes, including commitments to contribute €570 million for the ATEbank Acquisition and €524 million for the Cypriot Acquisitions.
- Receiving all necessary shareholder approvals for the issuance of Contingent Convertible Securities by systemic banks. These funding instruments, if issued, will be exclusively subscribed for by the HFSF in exchange for an equal aggregate principal amount of EFSF notes. Our shareholders at the Second Iterative General Meeting on 31 January 2013 approved the issuance of Contingent Convertible Securities in an amount up to €2.0 billion, if necessary following confirmation of the level of private sector participation in our recapitalisation.
- Completion of a share capital increase during the second quarter of 2013, with the HFSF acting as guarantor. The Offering forms part of this third phase.

In accordance with the provisions of Greek Law 3864/2010, our relationship with the HFSF following the completion of the Ordinary Share Capital Increase will be governed by a relationship framework agreement, as provided in the Memorandum of Economic and Financial Policies, which is expected to come into force in the near term. The relationship framework agreement may contain terms and commitments in addition to those we are already subject to. We intend to inform investors upon execution of the relationship framework agreement in accordance with Law 3340/2005.

For the year ending 31 December 2012, the HFSF provided us with capital injections in the form of EFSF notes and commitments totalling €7.9 billion, which comprised the following capital contributions:

In May 2012, the HFSF contributed EFSF notes with an aggregate nominal value of €4.7 billion, following the execution of the Presubscription Agreement.

In December 2012, the HFSF provided an additional advance in the form of EFSF notes that amounted to €1.55 billion.

Simultaneously with the December 2012 additional advance, the HFSF executed a commitment letter committing to further capital support in an amount equal to €1.1 billion, plus €570 million relating to the ATEbank Acquisition.

In March 2013, the HFSF committed to providing €524 million in further capital support in connection with the Cypriot Acquisitions.

The total amount of HFSF capital commitments that we have received to date equals €8.4 billion.

As at 31 December 2012 and 31 March 2013, we held €12.8 billion and €13.5 billion, respectively, in EFSF notes. These amounts include EFSF notes received from the HFSF in connection with ATEbank's funding gap (€7.3 billion).

We use the EFSF notes that we hold to obtain liquidity from the European Central Bank or the Bank of Greece as part of the Eurosystem and for entering into repurchase transactions with market counterparties.

Please see "The Banking Sector and the Economic Crisis in Greece".

Non-performing Loans

Our consolidated NPL ratio increased from 13.7% as at 31 December 2011 to 23.3% as at 31 December 2012 and to 31.4% as at 31 March 2013, compared to 13.2% for our loans in Greece as at 31 December 2011, 24.6% as at 31 December 2012 and 31.0% as at 31 March 2013. These increases principally reflect the impact of the ongoing adverse macroeconomic environment, particularly in Greece, as well as in the other countries in which we operate. Among our assets, our pre-Acquisitions legacy Piraeus Bank-only loan book recorded an increase in NPLs over the period since 31 December 2011 in line with the market and primarily as a result of the ongoing challenging economic conditions, principally in Greece. While the assets that we acquired in the ATEbank Acquisition consisted of only performing loans at the time of the acquisition, these assets have since experienced a moderate deterioration, primarily as a result of adverse macroeconomic conditions. At the time of the Geniki Acquisition, Geniki Bank S.A.'s NPL ratio was 61.7%. Geniki Bank's NPLs have also increased in line with the market as a result of the ongoing economic crisis in Greece. As at 31 March 2013, MBG's NPLs were 26.1%.

Provisions have affected our results of operations for the periods under review and we expect that further provisions will negatively affect our results of operations in future periods.

Deposit Outflows and Higher Deposit and Funding Costs

We use both customer deposits and wholesale funding activities to finance our assets. During 2012, Greek market deposits decreased by 5% as a result of the uncertainty surrounding the country's fiscal and economic developments. Excluding the deposits of the Hellenic Republic, which increased by 39% during 2012, 11% of the deposit outflows were outflows of sight deposits, 67% were outflows of savings deposits and 21% were outflows of term deposits. The decline in deposits in the Greek banking sector has increased the loan-to-deposit ratio of Greek banks and resulted in increased competition among banks for deposits. As a result, the cost of domestic deposits has increased, reducing the net interest income of Greek banks, including us. With respect to the Greek market aggregates, the decrease in deposits experienced during the first half of 2012 (negative 13%) was largely reversed after the June 2012 elections and the forming of a government, and deposits increased by 9% in the second half of the year. Despite this recent reversal in deposit outflows, the decline in deposits in the Greek banking sector may reoccur and result in further pressure on deposit pricing. As at 31 March 2013, our ratio of loans to deposits was 114%, compared to 121% and 171% as at 31 December 2012 and 30 June 2012, respectively.

Prior to the economic crisis, our access to funding through the international capital markets rendered it unnecessary for the Bank to seek funding from the Eurosystem. However, the ongoing economic crisis in Greece has adversely affected our credit risk profile, restricted our access to the international capital markets, increased the cost of funding and resulted in the need for additional collateral requirements in customer repurchase contracts and other secured funding arrangements, including those with the Eurosystem. The severity of pressure experienced by the Hellenic Republic in its public finances has restricted the access of Greek banks, including us, to the capital markets for funding because of concerns by counterparty banks and other lenders, particularly for unsecured

funding and funding from the short-term inter-bank market. Accordingly, these markets have been effectively closed to all Greek banks since the end of 2009. As a result, maturing inter-bank liabilities have not been renewed, or have been renewed only at higher costs. Our ECB funding and funding from the Bank of Greece, through the ELA (which has less strict collateral rules but carries a higher rate of interest of approximately 200 basis points compared to ECB funding), increased considerably between the start of the crisis and December 2012, but has begun to subside. As at 31 December 2012, our Eurosystem funding was approximately €31.6 billion, of which €31.4 billion was ELA funding, which decreased to approximately €21.15 billion as at 31 March 2013, of which ELA funding accounted for approximately €2.3 billion.

Operating Cost Control Initiatives

Our results of operations have been positively affected, and we expect will continue to be affected, by our operating cost control initiatives across our operations, subsidiaries and activities, including the Acquired Businesses. We believe that costs can be reduced, in particular, through the restructuring of our network of branches and by improving the network's efficiency. In 2012, we closed 82 branches. The control of our operating costs has been one of our responses to the challenging economic environment. We have implemented and continue to implement several cost-reduction initiatives involving improvement in operating practices across the Group, including: headcount reduction by not replacing retiring or departing employees and the filling of vacancies with existing employees (internal transfers); cost reduction through efficient subcontracting and supply arrangements; a general reduction in general and administrative expenses; centralising of various activities and simplifying of operations and practices. On a comparative basis, (excluding the Acquisitions and certain one-off restructuring costs and unamortised costs related to the 82 branches that ceased operations in 2012) our operating expenses decreased by 9% in 2012, compared to 2011, in line with our management's targets.

Results of Operations

Presentation of Financial Data

Our audited consolidated financial statements included in this Offering Memorandum as at and for the years ended 31 December 2010, 2011 and 2012 were prepared in accordance with IFRS. Our unaudited interim consolidated financial statements included in this Offering Memorandum as at and for the three months ended 31 March 2012 and 2013 were prepared in accordance with IAS 34.

Critical Accounting Estimates and Judgements

The Group, for the preparation of the consolidated financial statements, makes accounting estimates and judgements for the future status of certain assets and liabilities that affect the presentation of those assets and liabilities in the consolidated financial statements. 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:

Impairment of Greek Government Bonds for the year 2012

The discussions and negotiations for the specification of the agreed measures on 21 July 2011 and on 26 October 2011, namely to the PSI, were completed on 21 February 2012. The finalisation of the PSI was taken into account in the annual consolidated financial statements as at 31 December 2011, and so the consolidated profit or loss was charged with the additional loss that resulted, compared to the initial loss that was recognised in the consolidated interim condensed financial information for June and for September 2011.

As the Group considered that the exchange of bonds and loans constitutes discontinuation of the existing relationship between the Bank and the debtor, the Group proceeded in the first quarter of 2012 to the full derecognition of the old securities and loans and the recognition of the new securities received from the exchange at a value initially derived by a valuation model (mark to model), in accordance with the special rules set out in the International Financial Reporting Standards (IAS 39), whereas any differences arising from the initial classification of the new securities affected the consolidated profit or loss for the first quarter of 2012.

From the new securities received under the PSI, the Greek Government bonds were classified in the held to maturity portfolio and the EFSF notes were classified in the available for sale portfolio.

Within the second quarter of 2012, the Group redetermined the fair value of the new securities received from the exchange, based on their market value (mark to market) at the dates these securities were exchanged, that is 12 March 2012, 11 April 2012 and 25 April 2012. Due to the redetermination of the fair value, an additional loss was accounted for in the first quarter of 2012 and therefore the Consolidated profit or loss before and after tax for the first quarter of 2012 was charged with an amount of €311 million and €251 million respectively.

The PSI resulted in a loss before tax during the years ended 31 December 2012 and 2011 in a total amount of approximately €6.2 billion.

The Bank, following the 7 December 2012 decision of the Board of Directors of the Bank, participated in the Buy-Back Programme in order to reduce the Greek government's debt with all of the eligible bonds that the Bank owned, in response to the relevant invitation of the Hellenic Ministry of Finance dated 3 December 2012. In this context, bonds of nominal value of approximately €4.3 billion and a carrying value at the exchange date of approximately €1.7 billion, were exchanged with EFSF notes, resulting in an after tax gain of approximately €0.3 billion.

The Group does not have significant exposure to bonds and debt of other European countries that have been experiencing significant debt servicing constraints.

Other critical accounting estimates and judgements in the application of the accounting policies

In the preparation of our consolidated financial statements, we make accounting estimates and judgements for the future status of certain assets and liabilities that affect the presentation of those assets and liabilities in our consolidated financial statements. Accounting estimates and judgements are continually evaluated based on historical experience, as well as on expectations of future events. The most important areas where we use accounting estimates and judgements in applying our accounting policies are as follows:

Impairment losses on loans and other receivables. The Group examines, at every reporting period, whether a 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.

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 at every reporting period.

Impairment of 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 exists 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. The assessment of the decline in fair value as significant or prolonged requires judgement. Judgement is also 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 economic performance and changes in technology.

Securitisations and special purpose entities. The Group sponsors the formation of special purpose financing entities ("SPEs") for various purposes including asset securitisation. The Group does not consolidate SPEs that it does not control. As it can sometimes be difficult to determine whether the Group does control an SPE, it makes judgements about its exposure to the risks and rewards, as well as about its ability to make operational decisions for the SPE in question. In many instances, elements may indicate control or lack of control over an SPE when considered in isolation, but when considered together make it difficult to reach a clear conclusion. In such cases, the SPE is consolidated.

Held to maturity investments. The Group follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than for specific circumstances, for example, selling an insignificant amount close to maturity, it will be required to reclassify the entire class to the available for sale portfolio. The investments would therefore be remeasured at fair value.

Investment property. Investment property is carried at fair value, as this is estimated by an independent valuer. 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.

Income taxes. The Group is subject to income taxes in the countries in which it operates. This requires estimates in determining the provision for income taxes and therefore the final income tax determination is uncertain during the fiscal year. Where the final income tax expense is different from the amounts initially recorded, differences will impact the income tax and deferred tax assets/ liabilities in the period in which the tax computation is finalised.

Especially, for the recognition of deferred tax assets, Management considers the best estimates for the future evolution of the Group's tax profits in the visible future, in combination with the nature of the losses and their recoverability based on the Greek Tax Law in force, at the end of the closing year.

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 business's net assets.

Three Months Ended 31 March 2013 Compared to Three Months Ended 31 March 2012

Overview

As at 31 December 2012, we had total assets of €70,406.2 million, total loans to customers net of provisions of €44,612.7 million, a consolidated NPL ratio 23.3%, an NPL coverage ratio (after fair value adjustment) of 50.7% and total customer deposits of €36,971.2 million. As at 31 March 2013 and following the completion of the Cypriot Acquisitions, we had total assets of €85,926.4 million, total loans to customers net of provisions of €60,686.5 million, a consolidated NPL ratio of 31.4%, an NPL coverage ratio (after fair value adjustment) of 49.6% and total customer deposits of €53,339.8 million.

Total Net Income

Our total net income for the three months ended 31 March 2013 amounted to €3,845.4 million, compared to €394.3 million for the three months ended 31 March 2012. The increase was principally the result of having recognised €3,413.7 million in negative goodwill relating to the Cypriot Acquisitions that we recognised in the first quarter of 2013. The increase in total net income also reflected a 33.7% increase in net interest income that resulted largely from the contributions to interest and similar income of the ATEbank Acquired Business and Geniki Bank S.A., which we acquired in the second half of 2012, as well as a limited contribution of the Cypriot Acquired Businesses, which we acquired as of 26 March 2013. This growth in interest and similar income was partially offset by high funding costs related to the costs of deposits in Greece, which remained elevated during the period despite beginning to decrease from previous highs, and the costs associated with our use of the ELA mechanism compared to ECB funding. In mid-January 2013, we regained access to ECB refinancing operations, which is expected to reduce our interest expense and similar changes in future periods.

For the three months ended 31 March 2013, the ATEbank Acquired Business, Geniki Bank and the Cypriot Acquired Businesses contributed €45.1 million, €15.5 million and €3,467.6 million (including €3,413.7 million of negative goodwill), respectively, to our total net income.

The following table sets out the breakdown of our total net income for the three months ended 31 March 2012 and 2013:

(€ in millions)	Three months ended 31 March 2012	2013
Interest and similar income	694.8	763.6
Interest expense and similar charges	(459.6)	(449.1)
Net Interest Income	**235.2**	**314.5**
Fee and commission income	52.8	63.1
Fee and commission expense	(7.0)	(8.0)
Net Fee and Commission Income	**45.8**	**55.0**
Dividend income	0.1	0.1
Net trading income	97.3	40.2
Net income from financial instruments designated at fair value through profit or loss	2.0	4.6
Results from investment securities	(0.2)	6.1
Other operating income	14.1	11.2
Negative goodwill due to the acquisition of assets and liabilities of Cypriot banks' network in Greece	—	3,413.7
Total Net Income	**394.3**	**3,845.4**

Net Interest Income

Our net interest income increased by 33.7%, to €314.5 million, in three months ended 31 March 2013 from €235.2 million in the three months ended 31 March 2012. The increase was largely the result of the contribution of the ATEbank Acquired Business and Geniki Bank, which we acquired in the second half of 2012 and these were not reflected in the first quarter of 2012. The gains in net interest income were partially offset by higher funding costs, as the deposit rates in Greece have remained high, and our use of the ELA mechanism resulted in interest expenses of €44 million during the first three months of 2013. Our renewed access to ECB refinancing operations, which became available to us in mid-January 2013, is expected to reduce our interest expense and similar charges and, consequently, benefit our net interest income in future periods.

For the three months ended 31 March 2013, the ATEbank Acquired Business, Geniki Bank and the Cypriot Acquired Businesses contributed €34.1 million, €8.2 million and €18.6 million, respectively, to our total net interest income.

The following table sets out the breakdown of our net interest income for the years ended 31 March 2012 and 2013:

(€ in millions)	Three months ended 31 March 2012	2013
Interest and similar income		
Interest on fixed income securities	99.6	96.5
Interest income on loans and advances to customers and repos	552.5	645.6
Interest on loans and advances to credit institutions	38.1	16.7
Other interest income	4.7	4.8
Total Interest and Similar Income	**694.8**	**763.6**
Interest and similar expenses		
Interest on customer deposits and repos	(198.6)	(276.8)
Interest on debt securities in issue and other borrowed funds	(7.8)	(2.5)
Interest on amounts due to credit institutions	(221.9)	(143.1)
Other interest expense	(31.3)	(26.7)
Total Interest and Similar Expenses	**(459.6)**	**(449.1)**
Net Interest Income	**235.2**	**314.5**

Net Fee and Commission Income

Our net fee and commission income in the three months ended 31 March 2013 amounted to €55.0 million, compared to €45.8 million in the three months ended 31 March 2012, an increase of 20.1%. This increase was primarily due to a 20.9% increase in fee and commission income from commercial banking, which increased from €41.2 million in the three months ended 31 March 2012 to €49.7 million in the three months ended 31 March 2013, mainly as a result of the increased volumes provided by the contribution of the ATEbank Acquired Business and Geniki Bank S.A., which we consolidated in the second half of 2012.

Net commissions on investment banking amounted to €2.3 million in the three months ended 31 March 2013, compared to €3.0 million in the three months ended 31 March 2012, a decrease of 24.6%, affected by the adverse conditions in the capital markets. Net income from asset management operations increased from €1.6 million in the three months ended 31 March 2012 to €3.0 million in the three months ended 31 March 2013, principally as a result of the contribution provided by ATE Mutual Funds, from 27 July 2012, the date that the ATEbank Acquired Business were acquired.

For the three months ended 31 March 2013, the ATEbank Acquired Business, Geniki Bank and the Cypriot Acquired Businesses contributed €9.6 million, €3.6 million and €1.2 million, respectively, to our net fee and commission income.

The following table sets out the breakdown of our net fee and commission income for the three months ended 31 March 2012 and 2013:

	Three months ended 31 March	
(€ in millions)	**2012**	**2013**
Fee and Commission Income		
Commercial banking	41.2	49.7
Investment banking	3.0	2.3
Asset management	1.6	3.0
Total Fee and Commission Income	**45.8**	**55.0**

Dividend Income

Our dividend income in the three months ended 31 March 2013 remained relatively stable from the three months ended 31 March 2012 and amounted to approximately €0.1 million.

Net Trading Income

Net trading income amounted to €40.2 million in profit for the three months ended 31 March 2013, compared to €97.3 million in the three months ended 31 March 2012, a decrease of 58.7%. The decrease in the three months ended 31 March 2013 was primarily due to having recorded a gain of €83.7 million in the first quarter of 2012 from the buyback of certain hybrid capital (Tier I) and subordinated debt (Lower Tier II) securities.

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 increased to a gain of €4.6 million in the three months ended 31 March 2013, compared to a gain of €2.0 million in the three months ended 31 March 2012.

Results from Investment Securities

In the three months ended 31 March 2013, we recorded a gain from investment securities of €6.1 million, compared to a loss of €0.2 million in the three months ended 31 March 2012.

Other Operating Income

Other operating income for the three months ended 31 March 2013 amounted to €11.2 million compared to €14.1 million in the three months ended 31 March 2012. This decrease was primarily due to lower operating leasing activity.

Negative Goodwill due to the Cypriot Acquisitions

In the first quarter of 2013, we recognised negative goodwill due to the Cypriot Acquisitions of €3,413.7 million. In calculating this amount, the method of purchase price allocation stipulated in IFRS 3 ("Business Combinations") was applied, adjusting to fair value the assets, liabilities and contingent liabilities of the Cypriot Acquired Businesses. The fair value of the loans and advances to customers was evaluated by an international independent auditing firm.

The allocation of the acquisition cost was completed during the first quarter of 2013. The total fair value of the acquired assets and liabilities, as well as the negative goodwill of the Cypriot Acquisitions are presented in the following table:

(amount in € million)	Total Fair Values
Assets	
Loans and advances from Customers (net of provisions)	18,517.5
Intangible Assets	14.4
Tangible Assets	109.0
Other Assets	290.0
Total Assets	**18,930.8**
Liabilities	
Liabilities to Customers	14,968.9
Liabilities for retirement benefits obligations	23.3
Other Liabilities	0.9
Total Liabilities	**14,993.1**
Net Position	**3,937.7**
Total Net Position and Liabilities	**18,930.8**
Total Acquisition Cost	**524.0**
Percentage of Net Position Acquired	**100%**
Negative Goodwill of Acquisition (Net Position less Acquisition Cost)	**3,413.7**

Total Operating Expenses Before Provisions

Our total operating expenses before provisions amounted to €263.7 million in the three months ended 31 March 2013, compared to €177.7 million in the three months ended 31 March 2012, an increase of 48.4%. This increase was largely due to the inclusion of additional staff costs attributable to the ATEbank Acquired Business and Geniki Bank, which we acquired in the second half of 2012. In the three months ended 31 March 2013, the ATEbank Acquired Business accounted for €57.7 million of our total operating expenses before provisions.

The following table sets out the breakdown of our total operating expenses before provisions for the three months ended 31 March 2012 and 2013:

	Three months ended 31 March	
(€ in millions)	2012	2013
Staff costs	(84.6)	(148.6)
Administrative expenses	(65.1)	(87.7)
Depreciation and amortisation	(28.1)	(27.6)
Gains from sale of assets	0.0	0.3
Total	**(177.7)**	**(263.7)**

Staff Costs

Our staff costs increased by 75.8%, to €148.6 million, in the three months ended 31 March 2013 compared to €84.6 million in the three months ended 31 March 2012 primarily due to the expansion of the number of staff following the ATEbank and Geniki Bank Acquisitions in the second half of 2012,

as well as the more limited impact on staff costs of the Cypriot Acquired Businesses, which we acquired as of 26 March 2013.

Administration Expenses

Administrative expenses increased from €65.1 million in the three months ended 31 March 2012 to €87.7 million in the three months ended 31 March 2013, an increase of 34.8%. This increase was mainly due to the addition of administration expenses of the ATEbank Acquired Business and Geniki Bank, which we acquired in the second half of 2012.

Depreciation and Amortisation

Depreciation expense remained relatively stable between the first quarter of 2012 and the first quarter of 2013, decreasing by 1.8% from €28.1 million to €27.6 million.

Impairment Losses on Loans, Debt Securities and other Receivables

In the three months ended 31 March 2013, total impairment losses on loans, debt securities and other receivables were €505.1 million compared to €294.4 million in the same period in 2012. This increase was mainly due to the prolonged recession in Greece in which real GDP declined by 5.3% year-over-year in the first quarter of 2013 compared to the first quarter of 2012, which adversely affected our loan portfolio. The increase in impairment losses was also a result of the growth in the size of our gross loan portfolio, which was €71.9 billion as at 31 March 2013, compared to €50.6 billion as at 31 December 2012 and €36.0 billion as at 31 March 2012. This increase was primarily as a result of the addition of the loan portfolios of the ATEbank Acquired Business, Geniki Bank and the Cypriot Acquired Businesses.

Profit / (Loss) before Tax

Pre-tax results for the three months ended 31 March 2013 amounted to a gain of €3,077.3 million, compared to a loss of €392.3 million in the three months ended 31 March 2012, which primarily resulted from the recognition in the first quarter of 2013 of the negative goodwill relating to the Cypriot Acquisitions.

Income Tax

In the three months ended 31 March 2013, we recognised an income tax credit of €537.4 million, compared to €436.1 million in the corresponding period of 2012. The following table sets out the breakdown of our income tax for the three months ended 31 March 2012 and 2013:

	Three months ended 31 March	
(€ in millions)	**2012**	**2013**
Current tax	(4.0)	(3.0)
Deferred tax	440.6	540.5
Provisions for taxes	(0.5)	0.0
Total	**436.1**	**537.4**

As income tax in Greece is calculated at the company level and not on a consolidated basis and because applicable Greek legislation provides for exemptions for certain income related to mergers between credit institutions, the negative goodwill that we recognised in connection with the Cypriot Acquisitions was not included in the calculation of income tax.

With respect to our subsidiaries operating outside of Greece, tax has been assessed at the respective nominal tax rates of those jurisdictions for 2013 and 2012, which are: Bulgaria: 10%, Romania: 16%, Egypt: 20%, Serbia: 15% for 2013 and 10% for 2012, Ukraine: 19% for 2013 and 21% for 2012, Cyprus: 10%, Albania: 10% and United Kingdom: 23% from 1 April 2013 and 24% for 2012 and until 31 March 2013.

Under a change in Greek law, applicable for fiscal years beginning on or after 1 January 2013, the income tax rate for legal entities has been increased from 20% to 26% and the tax rate on paid

dividends was reduced from 25% to 10%. The change to the tax rate resulted in a €540 million increase in deferred tax, thereby increasing the Bank's deferred tax assets to €2,435.7 million as at 31 March 2013.

The deferred tax is mainly due to tax losses of previous years, as well as to the Bank's participation in the PSI in 2012. We have recognised deferred tax for the total amount of our tax losses, based on the best estimates of our management for the future evolution of our taxable income, which were based on the restructuring plan.

Piraeus Bank has been audited in Greece by the tax authorities for all years until 2009. A relevant provision has been made for the unaudited fiscal years in accordance with the International Financial Reporting Standards (IFRS).

In accordance with Law 4110/2013, the losses of legal entities resulting from participation in the PSI are deductible from gross income in 30 equal annual instalments, starting from the year in which the exchange of securities took place.

Profit / (Loss) after Income Tax from Continuing Operations

We generated a profit from continuing operations after tax of €3,614.7 million in the three months ended 31 March 2013, compared to profit of €43.7 million in the three months ended 31 March 2012.

The profit from continuing operations after tax attributable to our shareholders amounted to €3,616.7 million in the three months ended 31 March 2013 compared to a profit of €45.8 million in the three months ended 31 March 2012.

Profit / Loss after Tax from Discontinued Operations

In the three months ended 31 March 2013, the results of discontinued operations included the results of ATE Insurance S.A. and ATE Insurance Romania S.A., the sale of which is in process. In the three months ended 31 March 2012, the results of discontinued operations included the results of Marathon Banking Corporation, which was disposed of in 2012.

The following table sets out the breakdown of our results of discontinued operations:

	Three months ended 31 March	
(€ in millions)	**2012**	**2013**
Net interest income	5.8	0.5
Net fee and commission income	0.3	(0.0)
Dividend income	0.0	0.0
Net trading income	0.0	0.6
Other operating income / (expenses)	0.1	16.6
Total Net Income	**6.2**	**17.6**
Staff costs	(2.3)	(4.2)
Administrative expenses	(1.6)	(2.2)
Depreciation and amortisation	(0.4)	(0.5)
Profit from sale of assets	—	0.0
Total Operating Expenses	**(4.3)**	**(6.8)**
Profit Before Income Tax	**1.9**	**10.8**
Income tax	**(0.7)**	**1.4**
Profit after Income Tax from Discontinued Operations	**1.2**	**12.2**

Results of Operations in the Years Ended 31 December 2010, 2011 and 2012

Overview

As at 31 December 2010, we had total assets of €57.7 billion, total gross loans to customers €39.1 billion, a consolidated NPL ratio of 7.6%, an NPL coverage ratio of 48.4% and total customer deposits of €29.5 billion. As at 31 December 2011, we had total assets of €49.4 billion, total gross loans to

customers of €37.1 billion, a consolidated NPL ratio of 13.5%, an NPL coverage ratio of 52.2% and total customer deposits of €21.8 billion.

Total Net Income

Our total net income for the year ended 31 December 2012 amounted to €2,217.3 million, compared to €1,222.2 million for the year ended 31 December 2011 and €1,476.6 million for the year ended 31 December 2010, representing an increase of 81.4% from 2011 to 2012 and a decrease of 17.2% from 2010 to 2011. The increase from 2011 to 2012 was largely the result of having recorded €329.4 million in other operating income, which reflects the effect of the €350.9 million in negative goodwill arising from the Geniki Acquisition that we recognised in 2012, €443.0 million in net results from investment securities, which mainly reflects a €394 million gain from our participation in the Buy-Back Programme, and €189.1 million in net trading income, which is largely the result of a gain of approximately €282.0 million from the repurchase of our certain of our capital securities. Additionally, net income in 2012 included a part year contribution from the ATEbank Acquired Business, which we acquired on 27 July 2012, and Geniki Bank S.A., which we acquired on 14 December 2012. From the date of acquisition to 31 December 2012, the ATEbank Acquired Business contributed € 193.8 million to total net income, while Geniki Bank contributed €370.1 million to total net income, including negative goodwill of €350.9 million.

In 2011, total net income, which amounted to €1,222.2 million, was adversely affected by the significant decline in the value of Greek government bonds in 2011, with net trading losses of €101.7 million compared to net trading income of €19.6 million in 2010. Similarly, other operating income decreased from a gain of €85.0 million in 2010 to a loss of €44.3 million in 2011 primarily caused by a loss of €98.6 million in income/expense from real estate resulting from a decrease in the valuation of investment property amounting to €91.4 million in 2011, of which the largest amount related to the Citylink property.

During 2010, total net income amounted to €1,476.6 million, excluding our activities in Egypt, which were classified as discontinued in 2011. Net interest income was favourably affected by the improved return on assets despite the higher cost of deposits, while net fee and commission income was supported largely by commercial banking commissions, whereas other operating income was affected by a decrease in revenues from real estate primarily due to negative economic conditions.

The following table sets out the breakdown of our total net income for the years ended 31 December 2010, 2011 and 2012.

	Year ended 31 December		
(€ in millions)	**2010**	**2011**	**2012**
Interest and similar income	2,565.0	2,913.1	2,905.2
Interest expense and similar charges	(1,377.0)	(1,740.5)	(1,877.7)
Net Interest Income	**1,187.9**	**1,172.6**	**1,027.5**
Fee and commission income	233.0	233.0	249.0
Fee and commission expense	(44.7)	(35.2)	(31.4)
Net Fee and Commission Income	**188.3**	**197.8**	**217.6**
Dividend Income	5.9	4.8	7.3
Net trading income	19.6	(101.7)	189.1
Net income from financial instruments designated at fair value through profit or loss	(8.0)	(6.4)	3.4
Results from investment securities	(2.1)	(0.6)	443.0
Other operating income	85.0	(44.3)	329.4
Total Net Income	**1,476.6**	**1,222.2**	**2,217.3**

Net Interest Income

Our net interest income decreased by 12.4% to €1,027.5 million in 2012 from €1,172.6 million in 2011 and €1,187.9 million in 2010. The decrease in 2012 was largely the result of higher costs of funding, as deposit rates in Greece have increased while financing through the Eurosystem and, in particular through the ELA mechanism, which carry a higher cost of funding than traditional sources.

The adverse economic conditions during 2012 restricted our access to the international capital markets and other sources of financing leading to an increase in our ECB funding and funding from the Bank of Greece, through the ELA, which carried a higher rate of interest than funding through the ECB.

For the year ended 31 December 2012, the ATEbank Acquired Business and Geniki Bank contributed €162.6 million and €1.9 million, respectively, to net interest income.

The following table sets out the breakdown of our net interest income for the years ended 31 December 2010, 2011 and 2012.

	Year ended 31 December		
(€ in millions)	**2010**	**2011**	**2012**
Interest and similar income			
Interest on fixed income securities	251.0	367.8	574.9
Interest income on loans and advances to customers and repos	2,104.9	2,340.2	2,211.2
Interest on loans and advances to credit institutions	175.0	171.7	99.3
Other interest income	34.1	33.4	19.9
Total Interest and Similar Income	**2,565.0**	**2,913.1**	**2,905.2**
Interest and similar expenses			
Interest on customer deposits and repos	(735.6)	(895.9)	(836.9)
Interest on debt securities in issue and other borrowed funds	(67.9)	(64.8)	(25.2)
Interest on amounts due to credit institutions	(466.1)	(612.9)	(915.2)
Other interest expense	(107.5)	(166.9)	(100.4)
Total Interest and Similar Expenses	**(1,377.0)**	**(1,740.5)**	**(1,877.7)**
Net Interest Income	**1,187.9**	**1,172.6**	**1,027.5**

Net Fee and Commission Income

In 2012, net fee and commission income increased by 10.0%, to €217.6 million, from €197.8 million in 2011. This increase was largely due to a 12.5% increase in fee and commission income from commercial banking, which increased from €175.1 million in 2011 to €197.0 million in 2012, mainly as a result of the increased volumes provided by the inclusion of the ATEbank Acquired Business from July 2012, despite a difficult economic environment.

In 2012, the ATEbank Acquired Business and Geniki Bank contributed €31.0 million and €0.4 million, respectively, to net fee and commission income.

Net commissions on investment banking amounted to €10.1 million in 2012, compared to €15.1 million in 2011, affected by the adverse conditions in the capital markets. In contrast, net income from asset management operations increased by 38.8%, to €10.5 million, from €7.6 million in 2011, principally as a result of the contribution provided by ATE Mutual Funds, from 27 July 2012, the date of the acquisition the ATEbank Acquired Business.

In 2010, net commissions, excluding our activities in Egypt, which were classified as discontinued operations, amounted to €188.3 million, with commercial banking commissions accounting for 86% of the total.

The following table sets out the breakdown of our net fee and commission income for the years ended 31 December 2010, 2011 and 2012.

(€ in millions)	Year ended 31 December 2010	2011	2012
Fee and Commission Income			
Commercial banking	200.2	205.5	225.2
Investment banking	23.5	19.3	12.7
Asset management	9.3	8.2	11.1
Total Fee and Commission Income	**233.0**	**233.0**	**249.0**
Fee and Commissions Expense			
Commercial Banking	(38.7)	(30.4)	(28.2)
Investment Banking	(5.6)	(4.2)	(2.7)
Asset Management	(0.4)	(0.6)	(0.6)
Total Fee and Commission Expenses	**(44.7)**	**(35.2)**	**(31.4)**
Net Fee and Commission Income	**188.3**	**197.8**	**217.6**

Dividend Income

Our dividend income amounted to €7.3 million in 2012, compared to €4.8 million in 2011, an increase of 53.5%, primarily due to the contribution recorded from income attributable to the assets we acquired from ATEbank in July 2012.

In 2010, income from dividends, excluding our activities in Egypt, which were classified as discontinued operations, amounted to €5.9 million.

The following table sets out the breakdown of our dividend income for the years ended 31 December 2010, 2011 and 2012.

(€ in millions)	Year ended 31 December 2010	2011	2012
Dividend from AFS securities	4.4	4.4	7.3
Dividend trading securities	1.5	0.4	0.0
Total	**5.9**	**4.8**	**7.3**

Net Trading Income

Net trading income amounted to €189.1 million for 2012 compared to a loss of €101.7 million in 2011. The increase in 2012 was principally related to net gains of €196.2 million on bonds that resulted from an approximately €282 million gain on our repurchase of our Hybrid Capital (Tier I), Subordinated Debt (Tier II) and securitised loans, which was partially offset by a €86 million loss from other bonds and guarantees. In 2011, our net trading income was adversely affected by a loss of €155.5 million in gains less losses on bonds, which largely resulted from the significant reduction in the fair value of our Greek government bonds.

In 2010, our net trading income of €19.6 million was comprised of gains less losses on FX of €38.5 million and €15.7 million in gains less losses on bonds, which were partially offset by a €36.0 million loss in gains less losses on derivatives.

The following table sets out the breakdown of our net trading income for the years ended 31 December 2010, 2011 and 2012.

(€ in millions)	Year ended 31 December 2010	2011	2012
Gains less losses on FX	38.5	1.1	5.3
Gains less losses on shares and mutual funds	1.4	0.1	11.6
Gains less losses on derivatives	(36.0)	52.4	(23.9)
Gains less losses on bonds	15.7	(155.3)	196.2
Net Trading Income	**19.6**	**(101.7)**	**189.1**

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 increased to a gain of €3.4 million in the year ended 31 December 2012 compared to a losses of €6.4 million and €8.0 million in the years ended 31 December 2011 and 2010, respectively. The significant difference in results between 2011 and 2012 was the result of having recorded a slight gain in 2012 in gains less losses on other financial instruments compared to a loss in 2011 of €8.7 million.

The following table sets out the breakdown of our net income from financial instruments designated at fair value through profit or loss for the years ended 31 December 2010, 2011 and 2012.

(€ in millions)	Year ended 31 December 2010	2011	2012
Gains less losses on shares	(0.4)	2.3	2.0
Gains less losses on other financial instruments	(7.6)	(8.7)	1.4
Net Income from Financial Instruments Designated at Fair Value Through Profit or Loss	**(8.0)**	**(6.4)**	**3.4**

Results from Investment Securities

In the year ended 31 December 2012, we recorded a gain from results from investment securities of €443.0 million compared to losses of €0.6 million and €2.1 million in the years ended 31 December 2011 and 2010, respectively. The gain in 2012 was primarily the result of a €394.0 million recorded in gains less losses on available for sale—bonds, which resulted from our participation in the Greek government's Buy-Back Programme.

The following table sets out the breakdown of our from results from investment securities for the years ended 31 December 2010, 2011 and 2012.

(€ in millions)	Year ended 31 December 2010	2011	2012
Gains less losses on AFS—shares and mutual funds	0.1	0.6	33.0
Gains less losses on AFS—bonds	(0.0)	(0.5)	409.9
Gains less losses on sale of subsidiaries and associates	(2.1)	(0.7)	0.1
Results from Investment Securities	**(2.1)**	**(0.6)**	**443.0**

Other Operating Income

Other operating income for the year ended 31 December 2012 amounted to €329.4 million, primarily due to €350.9 million in negative goodwill arising from the Geniki Acquisition, €35.1 million in income from operating leasing operations and €13.9 million in other operating income. These gains were partially offset by a loss of €73.8 million in income/expenses from real estate that reflected the valuation results of investment properties, which amounted to a loss of €70.8 million for the year ended 31 December 2012, of which €54.3 million related to the Citylink property.

Other operating income for the year ended 2011 was a loss of €44.2 million, primarily as a result of losses in income/expenses from real estate, which was partially offset by income from operating leasing.

In 2010, other operating income, excluding our activities in Egypt, which were classified as discontinued operations, amounted to €85.0 million, in part as a result of gains from income from operating leasing and income /expense from real estate.

The following table sets out the breakdown of our other operating income for the years ended 31 December 2010, 2011 and 2012.

	Year ended 31 December		
(€ in millions)	**2010**	**2011**	**2012**
Income/expense from real estate (rental income and result from the valuation of investment property)	13.5	(98.6)	(73.8)
Income from the Operations of ETVA Industrial Parks S.A.	9.8	5.7	2.5
Income from IT activities	1.3	0.6	0.7
Income from operating leasing	47.1	43.4	35.1
Other operating income	13.3	4.7	13.9
Negative goodwill of Geniki Bank Group	—	—	350.9
Total	**85.0**	**(44.2)**	**329.4**

Total Operating Expenses Before Provisions

Our total operating expenses before provisions amounted to €909.5 million in 2012 including the expenses from the ATEbank Acquired Businesses for five months, which amounted to € 123 million, and of Geniki Bank S.A. for approximately two weeks. Excluding the operating costs of the ATEbank Acquired Business and Geniki Bank S.A. and other non-recurring expenses, such as €15 million in one-off restructuring costs and €12 million in unamortised costs related to the closure of 82 branches in 2012, our consolidated operating costs decreased by 9% compared to 2011. Accordingly, we reached the 2012 expenses reduction target that our management set at the beginning of the year.

In 2012, the ATEbank Acquired Business and Geniki Bank accounted for €129.4 million and €4.2 million, respectively, of total operating expenses before provisions.

Total operating expenses in 2011 amounted to €823.4 million, slightly lower than in 2010, mainly attributable to significant cost containment in Greece.

In 2010, total operating expenses, excluding our activities in Egypt which were classified as discontinued operations, amounted to €837.4 million.

The following table sets out the breakdown of our total operating expenses before provisions for the years ended 31 December 2010, 2011 and 2012.

	Year ended 31 December		
(€ in millions)	**2010**	**2011**	**2012**
Staff costs	(389.9)	(389.6)	(424.0)
Administrative expenses	(363.1)	(336.6)	(379.3)
Depreciation and amortisation	(83.2)	(96.7)	(105.4)
Profit / (losses) from sale of assets	(1.2)	(0.5)	(0.9)
Total	**(837.4)**	**(823.4)**	**(909.5)**

Staff Costs

Including the staff costs of ATEbank Acquired Business for five months and of Geniki Bank S.A. for approximately two weeks, our staff costs increased by 8.8% to €424.0 million in 2012 compared to €389.6 million in 2011.

Following those acquisitions and as at 31 December 2012, we had a worldwide network of 1,338 branches that employed 18,872 people. At the end of 2011, we had 832 branches worldwide and 12,806

employees. In 2010, our staff costs, excluding our activities in Egypt which were classified as discontinued operations, amounted to €389.9 million.

The following table sets out a breakdown of our staff costs for years ended 31 December 2010, 2011 and 2012.

	Year ended 31 December		
(€ in millions)	**2010**	**2011**	**2012**
Wages and salaries	(279.1)	(275.7)	(311.8)
Social insurance contributions	(64.8)	(61.2)	(76.8)
Other staff costs	(16.0)	(17.8)	(15.0)
Retirement benefit charges	(30.0)	(34.9)	(20.4)
Total	**(389.9)**	**(389.6)**	**(424.0)**

Administration Expenses

Administrative expenses increased in 2012 by 12.7%, to €379.3 million, from €336.6 million in 2011, mainly due to the addition of administrative expenses from the ATEbank Acquired Business and Geniki Bank S.A. for five months and approximately two weeks, respectively. On a comparable basis, and excluding the impact of the ATEbank Acquired Business and Geniki Bank S.A., administrative expenses decreased slightly due to our cost containment efforts.

Our administrative expenses, excluding our activities in Egypt which were classified as discontinued operations, amounted to €363.1 million in 2010.

The following table sets out the breakdown of our administrative expenses for the years ended 31 December 2010, 2011 and 2012.

	Year ended 31 December		
(€ in millions)	**2010**	**2011**	**2012**
Rental expense	(72.5)	(68.1)	(65.6)
Taxes and duties	(49.8)	(49.4)	(54.0)
Promotion and advertising expenses	(40.1)	(27.2)	(26.7)
Servicing—promotion of banking products	(33.3)	(34.1)	(32.3)
Fees and third party expenses	(37.0)	(35.4)	(57.6)
Security and maintenance of fixed assets	(27.3)	(30.0)	(34.8)
Telecommunication and electricity expenses	(25.8)	(23.1)	(28.6)
Other administrative expenses*	(77.4)	(69.3)	(79.8)
Total	**(363.1)**	**(336.6)**	**(379.3)**

* Other administrative expenses include contributions, insurance, donations, travel expenses, consumables and subscriptions.

Depreciation and Amortisation

In 2012, depreciation expenses increased by 9.0%, to €105.4 million, compared to €96.7 million in 2011. This increase was mainly attributable to depreciation attributable to the ATEbank Acquired Business and Geniki Bank S.A. and the €12 million one-off charge from the full depreciation of branches that closed in 2012.

In 2010, our depreciation expense, excluding our activities in Egypt which were classified as discontinued operations, amounted to €83.2 million.

Impairment Losses on Loans, Debt Securities and other Receivables

Due to the significant deterioration in the macroeconomic environment in Greece and the related deterioration in the quality of our loan portfolio, total impairment losses on loans, debt securities and other receivables, including impairments on investment securities and other provisions and impairments, in 2012 were €2,507.9 million, of which €2,057.2 million was related to provisions for loans, €311.2 million for additional depreciation on new Greek government bonds, €79.9 million for the impairment of securities and €59.6 million for the impairment of tangible and intangible assets. The impairment for new Greek government bonds was a loss that resulted from the redefinition of the fair

value of the new securities received by us from the exchange of Greek government bonds, based on their mark-to-market value on the exchange date.

The total impairment losses on loans, debt securities and other receivables in 2011, together with impairment on investment securities and other provisions and impairments, amounted to €7,883.6 million, reflecting the impairment in the value of Greek government bonds in our portfolio due to our participation in the PSI and increased loan provisions attributable to macroeconomic conditions. The total impairment recognised in 2011 and related to our participation in the PSI amounted to €5,910.4 million. In addition, there was a further charge resulting from the decrease in the valuation of the trading portfolio of Greek government bonds, with a nominal value of €0.4 billion, which had a fair value of €0.1 billion on 31 December 2011 and which was reported in the trading results of 2011.

The total impairment losses on loans, debt securities and other receivables in 2010 amounted to €585.4 million attributable to the deterioration of the economic environment, especially in Greece and Southeast Europe.

Profit / (Loss) before Tax

Pre-tax results for the fiscal year 2012 amounted to a loss of €1,185.4 million, compared to a loss of €7,516.2 million in 2011, which primarily resulted from the impairment of the Greek government bonds due to our participation in the PSI.

In 2010, our pre-tax results, excluding our activities in Egypt, which were classified as discontinued operations, amounted to a profit of €50.1 million.

Income Tax Expense

The following table sets out the breakdown of our income tax for the years ended 31 December 2010, 2011 and 2012.

	Year ended 31 December		
(€ in millions)	**2010**	**2011**	**2012**
Current tax	(61.0)	(39.8)	(12.5)
Deferred tax	57.1	939.1	678.5
Provisions for taxes	(1.2)	(5.3)	(2.8)
Emergency tax contribution	(24.6)	—	—
Total	**(29.7)**	**894.1**	**663.1**

The tax rates with respect to the profits of Greek legal entities and the withholding tax on distributable profits are 20% and 25%, respectively. With respect to our subsidiaries operating outside of Greece, tax has been assessed at the respective nominal tax rates of those jurisdictions for 2012 and 2011, which were: Bulgaria: 10%, Romania: 16%, Egypt: 20%, Serbia: 10%, Ukraine: 21% and 23%, respectively, Cyprus: 10%, Albania: 10% and United Kingdom: 24%.

Under a change in Greek law, applicable for fiscal years beginning on or after 1 January 2013, the income tax rate for legal entities has been increased from 20% to 26% and the tax rate on paid dividends was reduced from 25% to 10%.

Piraeus Bank has been audited by the tax authorities and all unaudited years until 2009 have been finalised. A relevant provision has been made for the unaudited fiscal years in accordance with the International Financial Reporting Standards (IFRS).

Deferred tax income for 2012 was due primarily to the recognition of additional deferred tax attributable to the bonds participating in the PSI, which had not been recognised in our financial statements for the year ended 31 December 2011. The ability to recognise this was based on a change in the tax law in the first quarter of 2012 that extended the offsetting period of related tax losses over five years, together with the best estimates of management for our future taxable income based on our restructuring plan. We recognised a deferred tax asset on the entire amount of our tax losses, based on management's best estimates, on the basis of which there will be sufficient profits within the five-year limitation period for their recognition.

The deferred tax income for year 2011 relates mainly to the recognition of an allowance for impairment on Greek government bonds that we tendered as part of the PSI and to the increased provisions for loan portfolio impairment.

In accordance with Law 4110/2013, the losses of legal entities resulting from participation in the PSI are now deductible from gross income in 30 equal annual instalments, starting from the year in which the exchange of securities took place.

In 2010, an extraordinary tax was imposed on large Greek companies for social responsibility purposes. The total charge for us and our domestic subsidiaries relating to this one-off tax amounted to €24.6 million.

Profit / (Loss) after Income Tax from Continuing Operations

We generated a loss from continuing operations after tax of €522.3 million in 2012, compared to losses of €6,622.0 million in 2011.

The losses from continuing operations after tax attributable to our shareholders amounted to €513.3 million compared to losses of €6,617.2 million in 2011. The losses for 2011 included an impairment loss with respect to the Greek government bonds due to our participation in the PSI.

Profit / Loss after Tax from Discontinued Operations

In 2012, the results of discontinued operations include the results of ATE Insurance S.A., ATE Insurance Romania S.A. and the result of Marathon Banking Corporation until the date of its sale on 30 September 2012. In 2011, the results of discontinued operations include the results of Marathon Banking Corporation. Finally, in 2010, our results of discontinued operations include the results of the Piraeus Bank Egypt Group.

The following table sets out the breakdown of our results of discontinued operations:

	Year ended 31 December		
(€ in millions)	**2010**	**2011**	**2012**
Net interest income	19.0	21.3	19.5
Net fee and commission income	10.7	1.0	0.9
Dividend income	1.7	0.1	0.1
Net trading income	1.6	—	4.3
Results from investment securities	(0.5)	—	(0.1)
Other operating income / (expenses)	0.5	0.5	20.7
Total Net Income	**32.9**	**22.9**	**45.5**
Staff costs	(21.1)	(8.0)	(13.1)
Administrative expenses	(13.8)	(6.8)	(9.2)
Depreciation and amortisation	(11.7)	(1.5)	(1.8)
Gains/(losses) from sale of assets	(0.0)	—	—
Total Operating Expenses Before Provisions	**(46.6)**	**(16.3)**	**(24.1)**
Impairment losses on loans, debt securities and other receivables	(25.7)	(0.0)	(2.2)
Impairment of investment securities	(0.0)	(0.4)	—
Other provisions and impairments	(0.0)	—	(8.8)
Share of profit of associates	0.1	—	—
Profit / (loss) Before Income Tax	**(39.4)**	**6.3**	**10.3**
Profit / Loss after Income Tax from Discontinued Operations	**(41.6)**	**3.9**	**3.6**
Profit / (loss) from disposal of discontinued operations	—	—	9.4
Profit / (Loss) from Discontinued Operations	**(41.6)**	**3.9**	**13.0**

International Activities

At 31 December 2012, we maintained a presence in nine countries through a network comprised of 449 branches with 6,232 employees, compared to 486 branches and 6,476 employees as at 31 December 2011 and 522 branches and 6,947 employees as at 2010.

The following table sets out information relating to geographical distribution of our net revenue for 2010, 2011, 2012 and the three months ended 31 March 2013:

(€ in millions)	Year ended 31 December			Three months ended 31 March	
	2010	2011	2012	2012	2013
Greece	928.7	657.8	1,740.2	271.0	3,727.0
Rest of Europe[1]	523.1	532.0	431.3	114.8	111.6
United States	24.8	—	—	—	—
Egypt	—	32.5	45.8	8.5	6.8
Total net revenues of the Group from on-going activities	**1,476.6**	**1,222.2**	**2,217.3**	**394.3**	**3,845.4**
Total Group net income from discontinued activities[2]	**32.9**	**22.9**	**54.9**	**6.2**	**17.6**

(1) Includes Albania, Bulgaria, Romania, Serbia, Ukraine, Cyprus, United Kingdom and Luxembourg.

(2) Discontinued activities in 2012 included ATE Insurance S.A., ATE Insurance Romania S.A., as well as the results of Marathon Banking Corporation as at the date of its sale on 30 September 2012. Discontinued activities in 2011 included Marathon Banking Corporation (USA), and discontinued activities in 2010 included Piraeus Bank Egypt Group and its subsidiaries.

The following tables present the geographical distribution of our non-current assets, as required by IFRS 8, on 31 December 2010, 31 December 2011 and 31 December 2012. The allocation is based on the location of the subsidiaries:

(€ in millions)	As at 31 December 2012	
	Non-Current Assets	Net Income
Greece	2,309.4	1,740.2
Rest of Europe*	415.5	431.3
Egypt	87.9	45.8
Total	**2,812.8**	**2,217.3**
Continuing Operations	**2,812.8**	**2,217.3**
Discontinued Operations	**57.5**	**54.9**

* Includes Albania, Bulgaria, Romania, Serbia, Ukraine, Cyprus, United Kingdom and Luxembourg.

(€ in millions)	As at 31 December 2011	
	Non-Current Assets	Net Income
Greece	1,638.1	657.8
Rest of Europe*	424.8	532.0
Egypt	—	32.5
U.S.A.	36.8	—
Total	**2,099.7**	**1,222.2**
Continuing Operations	**2,099.7**	**1,222.2**
Discontinued Operations (Egyptian companies)	**60.9**	**—**
Discontinued Operations (Marathon Banking Corporation)	**—**	**22.9**

* Includes Albania, Bulgaria, Romania, Serbia, Ukraine, Cyprus, United Kingdom and Luxembourg.

(€ in millions)	As at 31 December 2010	
	Non-Current Assets	Net Income
Greece	1,754.2	928.7
Rest of Europe*	488.7	523.1
U.S.A.	35.5	24.8
Total	**2,278.5**	**1,476.6**
Continuing Operations	**2,278.5**	**1,476.6**
Discontinued Operations	**—**	**32.9**

* Includes Albania, Bulgaria, Romania, Serbia, Ukraine, Cyprus, United Kingdom and Luxembourg.

Business Segment Analysis

We have the following business segments:

- **Retail Banking**—This segment includes the commercial banking operations of the Bank and its subsidiaries that are designed for households, as well as medium and small enterprises (deposits, loans, working capital, imports, exports, letters of guarantee, etc.).
- **Corporate Banking**—This segment includes the commercial banking operations of the Bank and its subsidiaries that are designed for large enterprises, as well as shipping companies, which are served by central offices because of their specialised needs (deposits, loans, syndicated loans, project financing, working capital, imports, exports, letters of guarantee, etc.).
- **Investment Banking**—This segment includes the investment banking operations of the Bank and its subsidiaries (advisory and investment services, underwriting, brokerage transactions, etc.).
- **Asset Management and Treasury**—This segment includes the asset management operations for others and for its own account of the Bank and its subsidiaries (wealth management operations, mutual funds, treasury).
- **Other**—This segment includes the operations of the Bank and its subsidiaries that are not included in any of the above segments (central services, real estate operations, computer services, etc.).

On the basis of IFRS 8, business segments are identified in the internal reports that are sent to the Executive Committee, and are used to monitor and evaluate the business. The change in the results by segment are critical to understanding the performance of the business.

Year ended 31 December 2012

(€ in millions)	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other	Eliminations	Group	Discontinued Operation	Group (Continuing Operation)
Net interest income	916.1	314.6	(0.2)	36.8	(232.8)	12.6	**1,047.0**	19.5	1,027.5
Net fee and commission income	164.6	29.0	3.3	4.2	22.7	(5.3)	**218.5**	0.9	217.6
Net revenues	1,126.4	341.8	15.4	312.1	520.9	(44.4)	**2,272.2**	54.9	2,217.3
Segment results	(961.0)	(62.5)	(1.3)	(42.9)	(112.7)	—	**(1,180.3)**	19.7	(1,200.0)
Share of results of associates							**14.7**	—	14.7
Results before Tax							**(1,165.7)**	**19.7**	**(1,185.4)**
Income tax							**656.4**	(6.7)	663.1
Results after Tax							**(509.2)**	**13.0**	**(522.3)**
Other segment items as at 31 December 2011									
Capital expenditure	100.9	13.7	0.1	2.1	205.7	—	**322.5**	0.2	322.3
Depreciation and amortisation	52.0	9.2	0.4	1.0	44.6	—	**107.2**	1.8	105.4
Provisions and Impairment	1,556.6	320.3	4.5	296.8	340.8	—	**2,519.0**	11.1	2,507.9

Year ended 31 December 2011

(€ in millions)	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other	Eliminations	Group	Discontinued Operation	Group Continuing Operation
Net interest income	888.6	283.1	(1.2)	181.0	(181.8)	24.2	**1,193.9**	21.3	1,172.6
Net fee and commission income	139.7	30.8	7.1	3.8	17.5	(0.2)	**198.8**	1.0	197.8
Net revenues	1,122.7	321.8	16.5	(2.6)	(159.7)	(53.6)	**1,245.2**	22.9	1222.2
Segment results	(1,506.1)	(300.5)	(30.4)	(5,461.0)	(180.6)	—	**(7,478.6)**	6.3	(7,484.8)
Share of results of associates							**(31.3)**	—	(31.3)
Results before Tax							**(7,509.9)**	**6.3**	**(7,516.2)**
Income tax							**891.8**	(2.4)	894.1
Results after Tax							**(6,618.1)**	**3.9**	**(6,622.0)**
Other segment items as at 31 December 2011									
Capital expenditure	110.8	12.0	0.2	1.9	88.5	—	**213.4**	2.1	211.3
Depreciation and amortisation	52.9	9.0	0.5	0.9	34.9	—	**98.2**	1.5	96.7
Provisions and Impairment	1,579.6	380.0	32.5	5,400.3	491.5	—	**7,884.0**	0.3	7,883.6

Year ended 31 December 2010

(€ in millions)	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other	Eliminations	Group	Discontinued Operation	Group (Continuing Operation)
Net interest income	947.4	297.8	(1.2)	147.6	(194.5)	9.9	**1,206.9**	19.0	1,187.9
Net fee and commission income	156.4	25.1	10.0	2.2	0.5	4.8	**199.0**	10.7	188.3
Net revenues	1,264.3	357.7	13.8	69.7	(132.2)	(63.8)	**1,509.4**	32.9	1,476.6
Segment results	(29.2)	48.2	1.4	17.0	(23.0)	—	**14.4**	(39.4)	53.8
Share of results of associates							**(3.6)**	0.1	(3.7)
Results before Tax							**10.7**	**(39.4)**	**50.1**
Income tax							**(31.9)**	(2.2)	(29.7)
Results after Tax							**(21.2)**	**(41.6)**	**20.4**
Other segment items as at 31 December 2010									
Capital expenditure									
Depreciation and amortisation	125.3	19.1	9.6	2.6	65.5	—	**222.2**	5.1	217.1
Provisions and Impairment	57.1	9.4	0.6	0.8	27.1	—	**94.9**	11.7	83.2
Net interest income	510.3	82.3	0.1	10.4	7.9	—	**611.1**	25.7	585.4

(€ in millions)	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other	Eliminations	Group	Discontinued Operation	Group Continuing Operation
On 31 December 2010									
Assets by Sector	26,895.3	10,431.7	122.9	16,029.3	4,082.2	—	57,561.3	1,710.1	55,851.2
Liabilities by Sector	21,346.6	1,692.9	54.1	25,689.4	5,504.5	—	54,287.6	1,353.1	52,934.5
On 31 December 2011									
Assets by Sector	26,489.2	8,478.3	78.3	12,796.5	1,510.0	—	49,352.3	1,157.2	48,195.1
Liabilities by Sector	19,888.8	1,154.0	358.8	27,517.3	2,373.3	—	51,292.1	1,007.3	50,284.8
On 31 December 2012									
Assets by Sector	37,310.3	9,235.3	78.5	16,912.2	6,869.9	—	70,406.2	377.2	70,029.0
Liabilities by Sector	32,924.9	2,656.8	366.3	33,601.3	3,172.3	—	72,721.7	605.8	72,115.8

There is no single segment that contributed more than 10% to the profit before tax of the other segments in 2010, 2011 or 2012.

Capital expenditures include additions of intangible and tangible fixed assets made during the fiscal year by each business segment. Intercompany transactions between business segments take place under normal market terms.

Three months ended 31 March 2013

(unaudited)

(€ in millions)	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other	Eliminations	Group	Discontinued Operation	Group (Continuing Operation)
Net interest income	237.2	93.2	—	27.2	(49.3	6.7	**315.0**	0.5	314.5
Net fee and commission income	41.8	8.8	0.6	1.3	5.6	(3.0)	**55.0**	—	55.0
Net revenues	296.3	111.9	0.6	70.6	3,395.2	(11.5)	3,863.0	17.6	3,845.4
Segment results	(417.4)	41.1	(1.5)	63.6	3,400.6	—	3,086.2	10.8	3,075.5
Share of results of associates							**1.8**	—	1.8
Results before tax							**3,088.1**	**10.8**	**3,077.3**
Income tax							**538.9**	1.4	537.4
Results after tax							**3,626.9**	**12.2**	**3,614.7**
Other segment items as at 31 March 2013									
Capital expenditure	28.7	1.9	—	0.2	14.9	—	**45.9**	0.3	45.5
Depreciation and amortisation	14.1	2.2	0.1	0.3	11.4	—	**28.1**	0.5	27.6
Provisions and impairments	446.3	50.9	—	—	9.1	—	**506.3**	—	506.3
As at 31 March 2013									
Assets by Segment	45,466.4	16,976.7	76.2	15,790.3	7,616.7	—	85,926.4	353.9	85,572.5
Liabilities by Segment	48,324.2	4,007.4	380.3	29,688.4	2,225.4	—	84,625.6	598.1	84,027.5

Three months ended 31 March 2012

(unaudited)

(€ in millions)	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other	Eliminations	Group	Discontinued Operation	Group (Continuing Operation)
Net interest income	208.5	68.4	(0.3)	10.3	(46.3)	0.4	**241.0**	5.8	235.2
Net fee and commission income	33.9	6.8	0.8	1.3	4.1	(0.8)	**46.1**	0.3	45.8
Net revenues	258.7	77.5	1.8	8.6	67.8	(14.0)	**400.5**	6.2	394.3
Segment results	(85.8)	20.4	(1.1)	(302.9)	(19.6)	—	**(389.0)**	1.9	(390.8)
Share of results of associates							**(1.4)**	—	(1.4)
Results before tax							**(390.4)**	**1.9**	**(392.3)**
Income tax							**435.4**	(0.7)	436.1
Results after tax							**45.0**	**1.2**	**43.7**
Other segment items as at 31 March 2012									
Capital expenditure	20.4	1.6	0.1	0.6	14.3	—	**36.9**	0.3	**36.6**
Depreciation and amortisation	14.4	2.6	0.2	0.2	11.1	—	**28.5**	0.4	**28.1**
Provisions and impairments	249.7	43.4	0.0	306.8	7.6	—	**607.5**	—	**607.5**
As at 31 December 2012									
Assets by Segment	37,310.3	9,235.3	78.5	16,912.2	6,872.2	—	**70,408.5**	377.2	70,031.3
Liabilities by Segment	32,924.9	2,656.8	366.3	33,612.5	3,172.3	—	**72,732.8**	605.7	72,127.1

Capital expenditure includes additions of intangible and tangible fixed assets made during the financial year by each business segment. Intragroup transactions between business segments are concluded under market terms.

Quarterly Results of Operations

The following table sets out our unaudited consolidated quarterly results of operations for the three quarters in the period from 1 July 2012 to 31 March 2013. This information should be read in conjunction with our consolidated financial statements and the related notes thereto included elsewhere in this Offering Memorandum. We have prepared the unaudited consolidated quarterly financial information for the quarters presented below on the same basis as our audited financial statements. The historical quarterly results presented below are not necessarily indicative of the results that may be expected for any future quarters or periods.

	Three months ended		
(€ in millions)	30 September 2012	31 December 2012	31 March 2013
Net interest income	312.1	307.0	314.5
Net fee and commission income	51.3	77.1	55.0
Dividend income	3.7	1.6	0.1
Net trading income & gains less losses from investment securities	(5.5)	428.3	50.9
Other operating income / (expenses)	20.0	315.2[(1)]	11.2
Negative goodwill due to the acquisition of assets and liabilities of Cypriot banks' network in Greece	—	—	3,413.7
Total Net Income	**381.6**	**1,129.2**	**3,845.4**
Staff costs	(108.5)	(145.7)	(148.6)
Administrative expenses	(87.1)	(145.2)	(87.7)
Depreciation and amortisation	(26.4)	(27.0)	(27.6)
Gains/(losses) from sale of assets	(299.0)	(0.3)	0.3
Total Operating Expenses Before Provisions	**(222.3)**	**(318.2)**	**(263.7)**
Impairment losses on loans, debt securities and other receivables	(564.7)	(686.5)	(505.1)
Impairment of investment securities	(0.4)	(32.9)	(0.4)
Other provisions and impairments	(0.4)	21.8	(0.7)
Share of profit of associates	27.4	(1.8)	1.8
Profit / (loss) Before Income Tax	**(378.9)**	**68.0**	**3,077.3**

(1) Includes €350.9 million in negative goodwill arising from the Geniki Acquisition.

Financial Condition

As at 31 March 2013, our total assets amounted to €85,926.4 million, as compared to €70,406.2 million as at 31 December 2012 and €49,352.3 million as of 31 December 2011. The increase as of 31 March 2013 was largely attributable to the acquisition of the Cypriot Acquired Businesses as at 26 March 2013, while the increase as at 31 December 2012 compared to 31 December 2011 was primarily the result of the acquisition of the assets of the ATEbank Acquired Business and Geniki Bank S.A. Total loans granted to customers (before provisions) as at 31 March 2013 amounted to €71,868.1 million of which €64,553.2 million were granted in Greece. Our total deposits amounted to €53,339.8 million as at 31 March 2013, of which €48,713.0 million were in Greece, representing 27.3% of the Greek banking market, following the acquisition of the Cypriot Acquired Businesses. Our total equity as at 31 March 2013 amounted to €1,300.7 million. Total equity, adjusted for the capital increase from the HFSF amounting to €8,429 million, would have amounted to €9,729.7 as at 31 March 2013.

Total loans granted to customers, before provisions, were €50,573.3 million as at 31 December 2012, of which €43,234.8 million was located in Greece. Our total deposits, including the assets and liabilities of the ATEbank Acquired Business and Geniki Bank S.A., amounted to €36,971.2 million as at 31 December 2012, of which €32,412.6 was located in Greece, representing 19% of the deposits of the Greek banking market.

We had assets of €57,561.3 million as at 31 December 2010. Our loans before provisions at the end of December 2010 amounted €39,071.2 million, while deposits equalled €29,475.0 million, an annual decrease of 2%. Our liquidity was enhanced in 2010 through the use of the state liquidity enhancement programme for the Greek economy under Law 3723/2008 (additional use of Tier III and Tier II capital).

Financial assets at fair value through profit or loss

The total financial assets at fair value through profit or loss was €308.7 million as at 31 March 2013, €370.7 million as at 31 December 2012 compared to €474.2 million as at 31 December 2011 and €690.4 million as at 31 December 2010.

The following table presents our financial instruments of assets at fair values through profit or loss as at 31 December 2010, 2011 and 2012 and 31 March 2013:

	As at 31 December			As at 31 March
(€ in millions)	**2010**	**2011**	**2012**	**2013**
Trading Securities				
Greek government treasury bills	4.3	—	4.5	10.0
Foreign government bonds	—	—	6.9	4.2
Foreign government treasury bills	30.1	39.9	—	—
Included in cash and cash equivalents less than 90 days	**34.4**	**39.9**	**11.4**	**14.2**
Greek government bonds	148.0	107.4	5.4	15.8
Foreign government bonds	184.0	280.6	316.7	255.7
Corporate entities bonds	11.6	9.5	0.1	—
Bank bonds	0.1	0.1	0.1	—
Greek government treasury bills	84.4	8.1	16.9	15.9
Foreign government treasury bills	170.8	8.2	—	—
Total bonds	**598.8**	**413.9**	**339.2**	**287.4**
ATHEX listed shares	38.2	9.2	11.6	8.4
Foreign stock exchange listed shares	0.3	(0.0)	(0.0)	0.0
Mutual funds	2.2	1.2	0.7	0.5
Total shares and mutual funds	**40.8**	**10.4**	**12.3**	**8.9**
Total trading securities	**674.0**	**464.3**	**362.9**	**296.3**
Other financial assets at fair value through profit or loss	**16.4**	**9.9**	**7.8**	**12.4**
Total financial of assets at fair value through profit or loss	**690.4**	**474.2**	**370.7**	**308.7**

As at 31 December 2012, total trading securities with a fixed interest rate equalled €287 million compared to €393 million and €549 million as at 31 December 2011 and 2010, respectively. As at 31 December 2012, total trading securities with a floating interest rate equalled €5 million compared to €12 million and €15 million as at 31 December 2011 and 2010, respectively, while zero coupon bonds accounted for €59 million as at 31 December 2012 compared to €49 million and €69 million as at 31 December 2011 and 2010, respectively.

Loans and advances to customers and receivables from debt securities (net of provisions)

The balance of our loans and advances to customers net of provisions amounted to €60,686.5 million as at 31 March 2013, of which €18,486.1 million was attributable to the Cypriot Acquisitions. As at 31 December 2012, the balance of our loans and advances to customers net of provisions amounted to € 44,612.7 million, of which € 11,764.0 million and €1,908.8 million were attributable to the ATEBank Acquired Business and Geniki Bank, respectively. The balance of our loans and advances to customers net of provisions amounted to €34,005.6 million as at 31 December 2011 and €37,638.1 million as at 31 December 2010.

The following table presents our loans and advances to customers and receivables from debt securities as at 31 December 2010, 2011 and 2012:

(€ in millions)	As at 31 December 2010	2011	2012	As at 31 March 2013
A) Loans and advances to customers				
Mortgage	6,909.6	6,808.6	12,471.4	16,423.1
Consumer / personal and other loans	3,650.9	3,172.9	3,797.1	4,884.6
Credit cards	844.9	750.9	1,021.0	1,216.0
Loans to individuals	**11,405.4**	**10,732.5**	**17,289.4**	**22,523.7**
Loans to corporate entities	**27,665.8**	**26,325.6**	**31,156.2**	**42,389.6**
Total loans and advances to customers	**39,071.2**	**37,058.0**	**48,445.7**	**64,913.3**
Less: Allowance for impairment of loans and advances to customers	(1,433.1)	(3,052.4)	(3,833.0)	(4,226.7)
Loans and advances to customers (net of provisions)	**37,638.1**	**34,005.6**	**44,612.7**	**60,686.5**
B) Debt Securities—Receivables				
Corporate entities debt securities—receivables	197.7	4.8	4.7	4.8
Bank debt securities—receivables	—	23.2	23.8	23.8
Greek government bonds debt securities—receivables	2,302.2	3,098.6	1,415.0	1,429.1
Foreign government bonds debt securities—receivables	12.5	198.0	6,596.3	7,362.0
Total debt securities—receivables	**2,512.3**	**3,324.7**	**8,039.8**	**8,819.7**
Less: Allowance for impairment on debt securities—receivables	—	(1,696.5)	(23.8)	(23.8)
Debt securities—receivables (net of provisions)	**2,512.3**	**1,628.2**	**8,016.0**	**8,795.8**

As at 31 March 2013 and 31 December 2012, receivables from debt securities included securities of the Greek government with a nominal value of €1,457 million, issued in the framework of Law 3723/2008 "Strengthening of the liquidity of the economy". Of these securities, securities with a nominal value of €782 million were made available to us for the subscription of preference shares amounting to €370 million by the Greek government, which were issued in 2009 and €380 million which were issued in 2011. Please see "Description of Share Capital—Special Preference Shares of Law 3723/2008". Additionally, we acquired securities with a nominal value of €675 million in connection with the for the ATEbank Acquisition. The book value of the above securities, which were

exempted from the PSI, was €1,415 million as of 31 December 2012 and €1,429.1 million at 31 March 2013 and was based on recent estimates of their value by independent specialised auditors.

	As at 31 December		
(€ in millions)	**2010**	**2011**	**2012**
Current loans and advances to customers and debt securities (up to 1 year)	13,849.4	14,172.4	22,336.1
Non-current loans and advances to customers and debt securities receivables (more than 1 year)	26,301.0	21,461.4	30,292.6
Total	**40,150.4**	**35,633.8**	**52,628.7**

Our loans net of provisions were €44,612.7 million as at 31 December 2012 and €60,686.5 million as at 31 March 2013. We, for purposes of monitoring the credit risk and disclosures according to IFRS 7, continue to monitor the adjustment as part of provisions, with the adjustment not affecting the other loans net of provisions.

Our total business loan portfolio amounted to €32,579.3 million as at 31 December 2012 and €47,663.2 million as at 31 March 2013, representing 64%, 66%, respectively, of the total loan portfolio. Following the ATEbank Acquisition on 27 July, 2012, we disbursed and paid EU aid to 700,000 Greek farmers through OPEKEPE, amounting to €2.1 billion. Loans to individuals at the end of 2012 stood at €17,994.1 million (without including any adjustment at fair value as a result of the Acquisitions based on IFRS 3) or 36% of the total portfolio, of which €12,713.54 million were housing loans (€6,808.6 million on 31 December 2011) and €5,280.6 million were consumer loans, consisting of consumer / personal and other loans and credit cards (€3,923.8 on 31 December 2011). Loans to individuals at 31 March 2013, amounted to €21,273.2 million or 35% of total portfolio, out of which €16,199.9 million were housing loans (€12,281.2 million as at 31 December 2012) and €5,073.3 million were consumer loans (i.e. consumer / personal and other loans and credit cards, €3,837.5 million as at 31 December 2012).

As at 31 December 2012, our ratio of loans to deposits was 121%, having improved from 156% as at 31 December 2011. Excluding the seasonal OPEKEPE loan, the index our ratio of loans to deposits was 116% as at 31 December 2012. As at 31 March 2013, our ratio of loans to deposits was 114%.

The ratio of loans past due over 90 days to total loans increased to 23.3% as at 31 December 2012 from 13.5% at the end of 2011, in part as a result of the ATEbank and Geniki Bank Acquisitions. In Greece, the corresponding past due ratio reached 23.0% at the end of 2012 from 13.2% at the end of 2011. This was still slightly below the past due ratio of 24.6% for the entire Greek market at the end of December 2012, as reported by the Bank of Greece. Our ratio of cumulative provisions (after fair value adjustment) to loans past due was 50.7% at the end of 2012. Our ratio of cumulative provisions (after fair value adjustment) to gross loans was 12% at the end of 2012.

The ratio of loans past due over 90 days to total loans, amounted to 31.4% as at 31 March 2013 compared to from 23.3% at the end of 2012, in part as a result of having integrated the Cypriot Acquired Businesses in the first quarter of 2013. In Greece, the respective past due ratio was 31.8% as at 31 March 2013, as compared to 23.0% as at the end of 2012. Our ratio of cumulative provisions (after fair value adjustment) to loans past due was 49.6% at the end of March 2013. Our ratio of cumulative provisions (after fair value adjustment) to gross loans was 16.0% at the end of March 2013.

The following tables present the progress of the provision (impairment) of loans and advances to customers for the three month periods ended 31 March 2012 and 2013.

(€ in millions)	Three months ended 31 March 2012		
	Total loans to individuals	Loans to corporate entities / public sector	Total
		(unaudited)	
Opening balance at 1 January 2012	**859.3**	**2,193.1**	**3,052.4**
Opening balance of Egyptian companies (discontinued operations for the first quarter of 2012)	17.9	70.2	88.1
Charge for the year:			
—From continuing operations	70.0	210.0	280.0
—From discontinued operations	—	—	—
Loans Write-Offs:	—	—	—
—From Continuing Operations	(21.6)	(553.5)	(575.0)
—From Discontinued Operations	—	—	—
Exchange Rate Differences:			
—From Continuing Operations	(1.3)	(7.8)	(9.1)
—From Discontinued Operations	—	—	—
Ending Balance of Egyptian companies (discontinued operations of the first quarter of 2012)	(16.5)	(68.8)	(85.3)
Ending Balance 31 March 2012	**907.8**	**1,843.3**	**2,751.0**

(€ in millions)	Three months ended 31 March 2013		
	Total loans to individuals	Loans to corporate entities / public sector	Total
		(unaudited)	
Opening balance at 1 January 2013	**1,170.8**	**2,622.2**	**3,833.0**
Charge for the year:			
—From continuing operations	112.3	384.2	496.5
—From discontinued operations	—	—	—
Loans write-offs:			
—From continuing operations	(32.2)	(73.0)	(105.2)
—From discontinued operations	—	—	—
Exchange rate differences:			
—From continuing operations	(0.4)	2.8	2.5
—From discontinued operations	—	—	—
Ending Balance 31 March 2013	**1,250.5**	**2,976.2**	**4,226.7**

The following tables present the provision (impairment) of loans and advances to customers for the years at 31 December 2010, 2011 and 2012:

(€ in millions)	Year ended 31 December 2012		
	Total loans to individuals	Loans to corporate entities / public sector	Total
Opening balance at 1 January 2012	**859.3**	**2,193.1**	**3,052.4**
Opening balance of Egyptian companies (discontinued operations 2011)	17.9	70.2	88.1
Opening balance from discontinued operations	(0.5)	(6.6)	(7.2)
Charge for the year from continuing operations	352.9	1,603.9	1,956.9
Write-offs of loans from continuing operations	(55.6)	(1,180.8)	(1,236.3)
Foreign exchange differences from continuing operations	(3.2)	(7.3)	(10.5)
Other movements from continuing operations	—	(10.3)	(10.3)
Balance at 31 December 2012	**1,170.8**	**2,662.2**	**3,833.0**

(€ in millions)	Year ended 31 December 2011		
	Total loans to individuals	Loans to corporate entities / public sector	Total
Opening balance at 1 January 2011	**682.3**	**750.7**	**1,433.1**
Expense of year	**300.9**	**1,737.7**	**2,038.6**
—From ongoing operations	300.9	1,738.2	2,039.1
—From discontinued operations	—	(0.5)	(0.5)
Write-offs of loans	**(108.5)**	**(235.5)**	**(344.0)**
—From ongoing operations	(108.5)	(235.5)	(344.0)
—From discontinued operations	(0.0)	—	(0.0)
Exchange rate differences	**2.4**	**10.4**	**12.8**
—From ongoing operations	2.4	10.1	12.5
—From discontinued operations	(0.0)	0.3	0.3
Closing balance of Egyptian companies (discontinued operations of year 2011)	**(17.9)**	**(70.2)**	**(88.1)**
Balance at 31 December	**859.3**	**2,193.1**	**3,052.4**

(€ in millions)	As at 31 December 2010		
	Loans to individuals	Loans to businesses	Total
Opening balance at 1 January	**492.4**	**502.6**	**995.0**
Expense of year	**284.8**	**286.9**	**571.7**
—From ongoing operations	284.5	261.5	546.0
—From discontinued operations	0.3	25.4	25.7
Write-offs of loans	**(95.2)**	**(48.9)**	**(144.0)**
—From ongoing operations	(95.1)	(48.9)	(144.0)
—From discontinued operations	(0.1)	—	(0.1)
Exchange rate differences	**0.4**	**10.1**	**10.5**
—From ongoing operations	0.1	10.4	10.5
—From discontinued operations	0.3	(0.3)	(0.0)
Balance at 31 December	**682.3**	**750.7**	**1,433.1**

The following tables presents the changes in provisions for impairment of receivables from debt securities for the years 2011 and 2012:

Debt securities (€ in millions)	As at 31 December	
	2011	2012
Opening balance at 1 January	**—**	**1,696.5**
Expense of year	**1,696.5**	**13.8**
—From ongoing operations	1,696.5	13.8
—From discontinued operations	—	—
Exchange of debt securities of ongoing operations	**—**	**(1,686.5)**
Balance at end of year 31 December	**1,696.5**	**23.8**

Loan value impairment, receivables from debt securities and other receivables in 2012 included an €83.9 million provision for the impairment of other receivables, write-offs of €16.8 million of loans directly in the income statement and €14.2 million for income from recoveries of business loan collaterals.

Loan value impairment, receivables from debt securities and other receivables in 2011 included a provision for the impairment of Greek government bonds and loans with Greek government risk amounting to €2,221 million. Additionally, a valuation loss of €49 million, which remained as a charge in the special reserves as of 31 December 2011 and pertained to debt securities reclassified in previous years, was recycled in the income statement, thus formulating the total encumbrance of the year's income statement connected to the securities exchange programme at €2,270 million. In addition, the "Impairment of value of loans, receivables from debt securities and other receivables" includes €44 million pertaining to a provision for the impairment of other receivables.

Non-Performing Loan Ratios

(€ in millions)	As at 31 December 2011	As at 31 December 2012	As at 31 March 2013
Non-performing loans > 90 days	4,994.2	11,759.7	22,540.0
Loans to customers before provisions	37,058.0	50,573.3[1]	71,868.1[2]
Non-performing loan ratio	13.5%	23.3%	31.4%

(1) Represents gross loans prior to the €2,127.7 million fair value adjustment for opening balances at the acquisition date relating to the allowance for impairment of loans of the ATEbank Acquired Business and Geniki Bank, which was applied to loans and advances to customers in accordance with IFRS 3. As applied, this adjustment decreases the balance of loans and advances to customers before provisions and it is not included in the allowance for impairment on loans and advances to customers. However, for purposes of monitoring credit risk and for disclosure purposes according to IFRS 7, this adjustment does not affect the balances of loans and advances before provisions, as we have not stopped monitoring the adjustment as part of the provisions.

(2) Represents gross loans prior to the €6,954.9 million fair value adjustment for opening balances at the acquisition date relating to the allowance for impairment of loans of the ATEbank Acquired Business, Geniki Bank and the Cypriot Acquired Businesses, which was applied to loans and advances to customers in accordance with IFRS 3. As applied, this adjustment decreases the balance of loans and advances to customers before provisions and it is not included in the allowance for impairment on loans and advances to customers. However, for purposes of monitoring credit risk and for disclosure purposes according to IFRS 7, this adjustment does not affect the balances of loans and advances before provisions, as we have not stopped monitoring the adjustment as part of the provisions.

Investment portfolio securities

We had €3,467.3 million worth of securities available for sale as of 31 March 2013 compared to €4,836.5 million as of 31 December 2012 and €2,745.1 million as of 31 December 2011.

We had €73.0 million worth of securities held to maturity as of 31 March 2013 compared to €74.0 million as at 31 December 2012 and €1,249.8 million as of 31 December 2011 and €5,056.8 million as of 31 December 2010. The significant decrease in 2012 and the first quarter of 2013 was due to our participation in the PSI.

The following table presents our investment securities portfolio as at 31 December 2010, 2011 and 2012:

(€ in millions)	As at 31 December 2010	As at 31 December 2011	As at 31 December 2012	As at 31 March 2013
Available for Sale				
Bonds and other fixed return securities				
Greek government bonds	557.4	154.8	70.5	100.9
Foreign government bonds and EFSF notes	196.2	286.6	826.5	801.7
Corporate entities bonds	229.8	42.9	339.5	149.1
Bank bonds	37.0	9.4	97.0	95.6
Greek government treasury bills	604.0	1,909.5	2,871.7	1,719.5
Foreign government treasury bills	0.6	54.2	134.6	114.5
	1,625.0	**2,457.3**	**4,339.7**	**2,981.7**
Shares and other variable income securities	**426.1**	**287.7**	**496.7**	**485.6**
Total available for sale portfolio	**2,051.1**	**2,745.1**	**4,836.5**	**3,467.3**
Securities held to maturity				
Greek government bonds	4,954.6	1,198.2	—	—
Foreign government bonds	58.9	50.0	66.5	67.3
Corporate entities bonds	17.7	1.6	7.5	5.8
Foreign government treasury bills	25.6	—	—	—
Total held to maturity portfolio	**5,056.8**	**1,249.8**	**74.0**	**73.0**
Total	**7,107.9**	**3,994.9**	**4,910.5**	**3,540.3**

The change in the value of the Greek government bonds in 2012 was mainly due to the completion of the modified PSI, the acquisition of the Greek government bonds which ATEbank held and the

completion of the Greek Government bond Buy-Back Programme. The changes in 2012 in the share portfolio and the bank bonds are mainly due to the ATEbank Acquisition.

In 2012, the decrease in held to maturity securities was mainly due to sales of Greek government bonds in the Buy-Back Programme that we used to reduce our debt.

Bonds and treasury bills with a fixed interest rate that were classified as available for sale as at 31 December 2012 totalled €976 million compared to €501.4 million and €883.8 million as at 31 December 2011 and 2010, respectively. Bonds and treasury bills with a floating interest rate that were classified as available for sale as at 31 December 2012 totalled €420 million compared to €40.8 million and €174.2 million as at 31 December 2011 and 2010, respectively. Zero coupon bonds classified as available for sale as at 31 December 2012 totalled €2,944 million compared to €1,915.1 million and €566.4 million as at 31 December 2011 and 2010, respectively.

All bonds held to maturity in 2012 had a fixed interest rate. In 2011, held to maturity bonds consisted of €3,311.7 million of floating interest rate bonds compared to €3,308.6 million as at 31 December 2010 and €1,200.0 million of fixed rate bonds compared to €1,747.7 million as at 31 December 2010.

Greek government bonds which were included in "Securities held to maturity" were impaired by €307 million in 2012, as we determined the fair value of the new securities we received from the exchange of the Greek government bonds (PSI) based on their mark to market value on the dates they were exchanged.

Greek government bonds included in "Securities held to maturity" carried an impairment provision of €3,262 million. In addition, the valuation loss of €5 million, which remained as a charge against the special reserves related to bonds reclassified in previous years, was recycled in the income statement, thus formulating the total encumbrance of the year's income statement connected with the upcoming securities exchange programme of the specific portfolio at €3,267.0 million.

The following table presents the breakdown of our holdings of debt securities issued by the Hellenic Republic as at 31 December 2010, 2011 and 2012 and 31 March 2013:

(€ in millions)	As at 31 December			As at 31 March
	2010	2011	2012	2013
Debt securities—receivables[1]	2,302.2	1,412.1	1,415.0	1,429.1
Held to Maturity	4,954.6	1,198.2	—	—
Available for Sale[2]	1,161.5	2,064.2	2,942.2	1,820.4
Trading securities & Other financial assets at fair value through profit or loss	249.5	119.5	26.7	31.8
Total	**8,667.8**	**4,794.0**	**4,384.0**	**3,281.3**

(1) Debt securities—receivables for the year ended 31 December 2012 and the three months ended 31 March 2013 refer to Greek government bonds of nominal value €1,457 million that were issued in accordance with Law 3723/2008. Debt securities—receivables as at 31 December 2011 and 2010 included Greek government bonds of nominal value €782 million and €370 million, respectively, which were transferred to the Bank in accordance with Law 3723/2008.

(2) Available for sale debt securities for the years ended 31 December 2011 and 2012 and the three months ended 31 March 2013 mainly included treasury bills issued by the Hellenic Republic. Treasury bills as at 31 December 2010 amounted to €604.0 million.

Investment property

The following table presents our investment property as at 31 December 2010, 2011 and 2012:

(€ in millions)	As at 31 December 2010	2011	2012
Opening balance of year	819.9	927.1	877.5
Balance of subsidiaries that were sold, liquidated or changed portfolio	(19.4)	—	—
Balance of ATEbank and its subsidiaries on the date of acquisition	—	—	238.6
Opening balance of new companies	53.1	22.2	—
Adjustments of value	24.0	(91.4)	(70.8)
Additions	18.1	26.8	32.7
Transfers	37.7	(1.7)	2.0
Sales	(5.8)	(6.0)	(1.0)
Other adjustments	(0.4)	0.6	(0.5)
Balance at end of year	**927.1**	**877.5**	**1,078.5**

Investment property is held at fair value, as determined by an independent evaluator on an annual basis. Fair value is determined by market prices or if information on fair values is not available, then the comparative or real estate market method, residual value method, residual replacement cost method and investment method of valuation is used.

Assets held for sale

The following tables present the changes in assets held for sale as at 31 December 2010, 2011 and 2012 and 31 March 2013:

(€ in millions)	As at 31 March 2013
Balance at start of year 1 March 2013	**15.5**
Additions	3.3
Sales	(0.4)
Impairment of value	(0.1)
Exchange rate differences	0.2
Balance on 31 March 2013	**18.5**

(€ in millions)	As at 31 December 2012
Balance at start of year 1 January 2012	**14.0**
Opening balance of Egyptian companies (discontinued operations 2011)	1.1
Additions	4.5
Transfers from tangible assets	1.8
Sales	(3.9)
Impairment of value	(1.4)
Exchange rate differences	(0.5)
Balance on 31 December 2012	**15.5**

(€ in millions)	As at 31 December 2011
Balance at start of year 1 January 2011	**23.2**
Opening balance from discontinued operations	(0.9)
Additions	9.8
Transfers to subsidiaries	(2.4)
Transfer to property as current assets	(8.1)
Transfers from investment property	0.4
Sales	(7.3)
Impairment of value	(0.8)
Exchange rate differences	0.1
Balance on 31 December 2012	**14.0**

(€ in millions)	As at 31 December 2010
Balance at start of year 1 January 2011	**101.8**
Additions	11.6
Transfers to subsidiaries	(62.0)
Sales	(27.4)
Impairment of value	(1.0)
Write-offs	(0.3)
Exchange rate differences	0.5
Balance on 31 December 2010	**23.2**

The assets held for sale as at 31 December 2012 include mainly property of subsidiaries in Bulgaria, Romania, Serbia and the Ukraine for which the sale process is time-consuming and is expected to be completed in 2013.

Intangible assets

We had €418.6 million worth of intangible assets as at 31 March 2013, compared to €409.8 million as at 31 December 2012, €325.5 million as at 31 December 2011 and €384.3 million as at 31 December 2010. The increase in 2012 is due to the initial recognition of the goodwill arising from the ATEbank Acquisition.

The breakdown of intangible assets as at 31 March 2013 and 31 December 2010, 2011 and 2012 is presented in the following table:

	As at 31 December 2010			As at 31 December 2011			As at 31 December 2012		
(€ in millions)	Acquisition value	Cumulative depreciation	Undepreciated value	Acquisition value	Cumulative depreciation	Undepreciated value	Acquisition value	Cumulative depreciation	Undepreciated value
Goodwill	223.4	—	223.4	149.4	—	149.4	215.4	—	215.4
Software	231.7	(112.4)	119.3	257.1	(131.7)	125.4	368.9	(204.4)	164.4
Other intangible	98.3	(56.7)	41.6	117.7	(67.1)	50.6	103.2	(73.3)	29.9
Total	**553.4**	**(169.1)**	**384.3**	**524.2**	**(198.8)**	**325.5**	**687.5**	**(277.8)**	**409.8**

The following table presents a breakdown of our intangible assets as at 31 March 2013:

(€ in millions)	As at 31 March 2013 (unaudited)
Goodwill	215.4
Software	377.5
Other intangible assets	103.8
Total intangible assets	**696.9**
Minus: Accumulated amortisation	(292.4)
Total (*Undepreciated value*)	**404.5**

Tangible assets

The breakdown of Tangible assets as at 31 March 2013 and 31 December 2010, 2011 and 2012 is presented in the following table:

	As at 31 December 2010			As at 31 December 2011			As at 31 December 2012		
(€ in millions)	Acquisition value	Cumulative depreciation	Undepreciated value	Acquisition value	Cumulative depreciation	Undepreciated value	Acquisition value	Cumulative depreciation	Undepreciated value
Land and building	341.8	(47.7)	294.1	332.6	(48.6)	284.1	786.8	(110.0)	676.9
Furniture, electronic and other equipment	358.9	(256.5)	102.3	356.1	(266.5)	89.6	433.9	(335.8)	98.0
Assets under construction	80.5	—	80.5	73.0	—	73.0	118.7	—	118.7
Other tangible assets	471.0	(167.6)	303.4	456.5	(173.5)	283.0	462.2	(192.8)	269.4
Leasehold improvements	311.8	(125.0)	186.7	286.6	(119.4)	167.2	314.1	(152.6)	161.4
Total	**1,563.9**	**(596.9)**	**967.0**	**1,504.8**	**(608.0)**	**896.8**	**2,115.6**	**(791.2)**	**1,324.5**

The following table presents a breakdown of our Tangible assets as at 31 March 2013:

(€ in millions)	As at 31 March 2013 (unaudited)
Land and Building	872.9
Furniture, Electronic and other Equipment	567.8
Assets Under Construction	119.2
Other tangible fixed	457.2
Leasehold Improvements	464.0
Total Tangible Assets	**2,481.1**
Minus: Cumulative Depreciation	(1,032.2)
Tangible Assets (Depreciated Value)	**1,448.9**
Plus: Investment Property	1,106.0
Total	**2,525.0**

Other assets

Our other assets increased to €2,928.9 million as at 31 December 2012 compared to €1,280.3 million as at 31 December 2011 and €1,231.7 million as at 31 December 2010.

	As at 31 December		
(€ in millions)	2010	2011	2012
Property as current assets	**199.5**	**264.9**	**332.1**
Prepaid expenses and income receivable	182.5	113.6	240.0
Prepaid tax and tax withheld	110.8	136.2	81.7
Receivables from tax authorities and the government	210.4	174.5	468.7
Reserves of vehicles	34.5	26.7	19.6
Receivables from credit card transactions	54.1	54.1	128.6
Receivables from third parties	111.8	109.8	132.5
Receivable from the Hellenic Financial Stability Fund (HFSF)	—	—	794.8
Other assets	328.1	400.6	731.0
Other receivables	**1,032.2**	**1,015.4**	**2,596.8**
Total	**1,231.7**	**1,280.3**	**2,928.9**

Property as current assets increased slightly from €332.1 million to €340.5 million in the first quarter of 2013.

Other receivables decreased from €2,596.8 million to €1,953.8 million in the first quarter of 2013. The decrease is mainly due to the contribution by the HFSF of approximately €0.8 billion related to the ATEbank Acquisition that was pending a final determination of the assets and liabilities that we acquired. This process was completed in January 2013 and the payment of the €0.8 billion was made during the first quarter of 2013 through an in-kind capital contribution in the form of EFSF notes, which were classified as "Debt securities—receivables"

Property as current assets as at 31 December 2012 included property—reserves of ETVA S.A. amounting to €114 million (2011: €115.7 million, 2010: €117.3 million), property that was acquired from auctions amounted to €212 million (2011: €144.3 million, 2010: €76.3 million), as well as property—reserves of real estate subsidiaries amounted to €6 million (2011: €4.9 million, 2010: €5.9 million).

Under Law 4093/12.11.2012, credit institutions which received capital aid under the provisions of Law 3723/2008 are obliged to make a lump-sum payment to the Greek government of a total amount of €555.6 million, of which our portion was €133 million. This amount was already paid and did not affect the results for the year 2012, and has been entered in "Prepaid expenses and income receivable" in order to be offset against the upcoming increase of the share capital.

Other assets include mainly other accounts which are related to our daily operations and their change is mainly due to the acquisition of relevant funds from ATEbank. Additionally, they include an amount of €238 million, which relates to the participation of the Bank and Geniki Bank S.A. in the

Hellenic Deposit and Investment Guarantee Fund after the time deposits that the Hellenic Deposit and Investment Guarantee Fund held in these banks were eliminated.

The receivable from the Hellenic Financial Stability Fund pertains to the difference of the value of the assets of ATEbank transferred to us, after the deduction of €6,675.9 million which has already been paid.

Liabilities to credit institutions

Our liabilities to credit institutions amounted to €28,105.3 million as of 31 March 2013 compared to €32,561.3 million as of 31 December 2012, €25,413.6 million on 31 December 2011 and €19,930.3 million on 31 December 2010.

The balance of the liabilities to credit institutions account during the years under review is broken down as follows:

(€ in millions)	As at 31 December			As at 31 March
	2010	2011	2012	2013
Amounts due to central banks	17,444.1	22,301.7	31,640.7	21,310.7
Deposits from banks	1,658.4	482.5	195.5	577.7
Liabilities to credit institutions—Repos	500.8	2,446.3	618.5	6,037.7
Other liabilities to banks	327.0	183.1	106.6	179.2
Total	**19,930.3**	**25,413.6**	**32,561.3**	**28,105.3**

Liabilities to credit institutions bear a floating interest rate.

Liabilities to credit institutions includes refinancing transactions against pledges from the Eurosystem, which amounted to €21.2 billion as at 31 March 2013 compared to €31.6 billion as at 31 December 2012, €22.3 billion as at 31 December 2011 and €17.2 billion as at 31 December 2010. The decrease in our liquidity drawn from the Eurosystem during the first quarter of 2013, primarily due to the settlement of interbank repos in an amount of approximately €5 billion, the loan repayment OPEKEPE of €2.1 billion and the improvement of our deposit base by approximately €2 billion. The increase in our liquidity drawn from the Eurosystem during year 2012 was carried out through available financing mechanisms including capital advances from the HFSF in the form of EFSF notes in an aggregate principal amount of €6.3 billion and capital advances from the HFSF in connection with the ATEbank Acquisition in the form of EFSF notes with a nominal value of €6.5 billion.

Liabilities at fair value through profit and loss

As at 31 December 2012, our open positions from the sale of Greek government bonds and treasury bills amounted to €22.0 million, compared to €18.5 million as at 31 December 2011 and €308.9 million as at 31 December 2010. These positions are short-term in nature and are created in connection with managing our positions as a result of negotiating activity in the secondary market.

As at 31 December 2011, the decrease in liabilities at fair value through profit or loss was due to the settlement of open positions from the sale of bonds in connection with our expected participation in the PSI.

Liabilities to customers (Deposits)

Our liabilities to customers amounted to €53,339.8 million as at 31 March 2013 compared to €36,971.2 million as at 31 December 2012 and €21,795.7 million as at 31 December 2011 and €29,475.0 million as at 31 December 2010. The significant increase in liabilities to customers as of 31 December 2012 compared to 31 December 2011 is mainly due to the addition of the deposits of the ATEbank Acquired Business and Geniki Bank S.A., which amounted to €15,100.0 million and €2,014.3 million, respectively, as at 31 December 2012.

Our liabilities to customers as at 31 December 2010, 2011 and 2012 is presented below:

Liabilities to Customers

(€ in millions)	As at 31 December 2010	2011	2012	As at 31 March 2013
Deposits				
Current accounts and sight deposits	4,706.6	4,168.5	6,061.6	7,881.0
Savings account	3,676.0	2,866.3	10,714.8	12,101.8
Time deposits	20,633.5	14,382.5	19,850.1	32,811.3
Other deposits (cheques, wire transfers and blocked deposits)	237.6	187.8	340.8	541.6
Acts of temporary assignment of securities—repos	221.3	190.6	3.9	4.2
Total	**29,475.0**	**21,795.7**	**36,971.2**	**53,339.8**

As at 31 March 2013, other deposits included cheques payable amounting to €146.8 million, compared to €201 million as at 31 December 2012, €77.1 million as at 31 December 2011 and €80.5 million as of 31 December 2010.

Of the total liabilities to customers (excluding cheques and repos), €16,542.0 million, €6,777.2 million, €8,029.3 million, as at 31 December 2012, 2011 and 2010, respectively, pertained to floating interest deposits, while €20,224.0 million, €14,750.8 million, €21,143.9 million, as at 31 December 2012, 2011 and 2010, respectively, pertained to fixed interest deposits.

The following table presents the loans to deposits ratio on a consolidated basis as of 31 December 2010, 2011 and 2012:

Loans to Deposits Ratio

(€ in millions)	As at 31 December 2010	2011	2012
Loans and advances to customers (net of provisions)	37,638.1	34,005.6	44,612.7
Liabilities to customers	29,475.0	21,795.7	36,971.2
% loans to deposits	**128%**	**156%**	**121%**

Liquidity and Capital Resources

Liquidity

Information on cash flows of the Group as at 31 December 2010, 2011 and 2012 and 31 March 2013

Operational cash flows provide us with a source of liquidity.

Cash and Cash Equivalents (€ in millions)	As at 31 December 2010	2011	2012
Cash and balances with the Central Bank	2,555.1	2,125.1	2,089.9
Loans and Advances to Credit Institutions	1,445.4	291.6	370.5
Trading securities	34.4	39.9	11.4
Total	**4,034.9**	**2,456.6**	**2,471.8**

As at 31 December 2012, our cash and cash equivalents amounted to €2,471.8 million compared to €2,456.6 million as at 31 December 2011 and €4,034.9 million as at 31 December 2010.

The following table shows in summary the cash flows of the Piraeus Bank Group for the years ended 31 December 2010, 2011 and 2012.

	Year ended 31 December			Three months ended	
Consolidated Statement of Cash Flows (€ in millions)	**2010**	**2011**	**2012**	**2012**	**2013**
Net cash flows from continuing operating activities	3,566.0	(259.2)	(1,968.4)	(780.9)	(1,196.1)
Net cash flows from continuing investment activities	(1,861.4)	(886.1)	1,534.5	600.2	1,335.2
Net cash flows from continuing financing activities	(1,543.0)	(253.0)	(643.2)	(450.3)	(33.1)
Exchange differences on cash equivalents	(23.3)	9.9	(6.1)	(3.3)	(13.2)
Net increase / (decrease) in Cash and Cash Equivalents from continuing activities (A)	**138.2**	**(1,388.4)**	**(1,083.1)**	**(634.3)**	**92.8**
Net increase / (decrease) in Cash and Cash Equivalents from discontinued activities (B)	**507.7**	**34.6**	**11.3**	**0.2**	**0.2**
Cash and Cash Equivalents at the beginning of the period (C)	**3,389.0**	**4,034.9**	**2681.1**	**2,681.1**	**2,473.1**
Cash and cash equivalents during the transfer of assets and liabilities of the former ATEbank and its subsidiaries (D)	**—**	**—**	**863.8**	**—**	**—**
Cash and cash equivalents at the acquisition date of assets and liabilities of Cypriot Banks' network in Greece during the transfer of assets and liabilities of the former ATEbank and its subsidiaries (D)	**—**	**—**	**—**	**—**	**11.7**
Cash and Cash Equivalents on 31 December (A+B+C+D)	**4,034.9**	**2,681.1**	**2,473.1**	**2,047.1**	**2,577.7**

During the first three months of 2012, our net cash outflow from continuing operating activities amounted to €780.9 million compared to a net cash outflow of €1,196.1 million in the corresponding period of 2013 in part due to decreases in amounts due to credit institutions and in debt securities—receivables, which were partially offset by increases in amounts due to customers, in loans and advances to customers and other assets.

During 2010, our net cash inflow from continuing operating activities amounted to €3,566.0 million, as compared to net cash outflows of €259.2 million and €1,968.4 million in the years 2011 and 2012, respectively. The net cash inflows from continuing operating activities were mainly due to the increased liabilities to credit institutions. The net cash outflows from continuing operating activities in 2012 were due mainly to the decreased liabilities to customers.

In the first three months of 2012, net cash inflows from continuing investment activities amounted to €600.2 million compared to a net inflow of €1,335 million in the same period of 2013 largely due to an increase in sales of investment securities that was partially offset by a decrease in purchases of property, plant and equipment.

During 2010 and 2011, we recorded negative net cash flows from continuing investment activities. Specifically, the net cash outflows from investment activities decreased by 52.4% from €1,861.4 million in 2010 to €886.1 million in 2011. The negative cash flows were mainly the result of the acquisition of investment securities. In 2012, we recorded net cash inflows from continuing investment activities of €1,534.5 million as a result of the sales of investment securities.

In the first three months of 2012, net cash outflows from continuing financing activities amounted to €450.3 million compared to €33.1 million in the same period of 2013, and the reduction in 2013 resulted principally from a decrease in the repayment of debt securities and other borrowed funds.

During the 2010 to 2012 period, net cash flows from continuing financing activities were negative and amounted to €1,543.0 million, €253.0 million and €643.2 million in the years 2010, 2011 and 2012, respectively. Net cash outflows from continuing financing activities were mainly the result of the repayment of debt securities and other loan funds.

Restrictions on the use of capital

We participate in the framework for the support of liquidity in the Greek banking system as established by Greek Law 3723/2008. Therefore, under the provisions of article 5 of Law 3723/2008, we are obliged to use the proceeds from the sale of Greek government bonds (which are issued and distributed to us by the PDMA under Law 3723/2008) to finance mortgage loans and loans to SMEs on competitive terms. In addition, under the provisions of article 5 of Greek Law 3723/2008, the guarantee issued by the Hellenic Republic pursuant to article 2 of the law guaranteeing the repayment of loans granted by us to our customers with or without the issuance of securities, relates only to loans granted to businesses of vital importance for the national economy.

Capital resources for financing Investments

We have multiple and diverse sources for financing our assets. In addition to our own funds in the form of equity capital, and our large and diversified depositor base, we have historically had access to the domestic and international interbank markets, and the international capital markets to raise long-term capital through the issue of debt securities of various types and forms. In the present economic environment, our ability to access these multiple and diverse sources of liquidity has been significantly restricted. Presently, in addition to our strong depositor base, our main alternative source of liquidity, in line with most other Greek banks, has been the ECB through its collateral-based financing operations.

We are not subject to limitations in our use of capital, except those established under applicable banking regulatory requirements and the provisions of the Hellenic Republic Bank Support Plan.

The following table presents the structure of outstanding short-term-term debt, long-term debt, and our equity capital as at 31 March 2013.

(€ in millions)	**As at 31 March 2013**
ETVA bank bonds	0.3
Total short-term debt	**0.3**
ETVA bank bonds	0.6
EMTN (medium- and long-term securities)	60.5
Securitisation of mortgage loans	271.9
Bonds convertible to shares	170.8
Hybrid capital (Tier I)	58.9
Subordinated debt (Tier II)	263.6
Other subordinated debt	—
Total long-term debt	**826.3**
Ordinary Shares	343.0
Share premium	2,953.4
Special Preference Shares	750.0
Less: Treasury shares	—
Other reserves and retained earnings	**(2,872.2)**
Capital and reserves attributable to Piraeus Bank equity holders	1,174.2
Minority interest	126.6
Total equity	**1,300.7**

The following table presents our net financial assets as at 31 March 2013:

(€ in millions)	As at 31 March 2013
Cash and balances with central banks	2,099.1
Loans and advances to credit institutions	477.6
Trading securities	130.9
Investment securities	1,527.2
Debt securities	39.6
Liquidity	**4,274.6**
Liabilities to credit institutions	1,050.1
Long term liabilities	504.1
Other borrowed funds	263.6
Hybrid capital	58.9
Long-term financial indebtedness	**1,876.7**
Net financial indebtedness	**2,397.9**

Our liquidity as at 31 March 2013 was €4,274.6 million whereas our borrowings were €1,876.7 million. Our net financial assets as at 31 March 2013 were €2,397.9 million.

According to data submitted to the Bank of Greece in compliance with Act No. 2614/7.4.2009 of the Governor of the Bank of Greece our cash assets ratio on 31 December 2012 stood at 6.41% (9.51% on 31 December 2011), whereas the liquidity gap ratio for receivables and liabilities on 31 December 2012 stood at 52.74%.

Capital resources

In 2012, the Greek economy experienced further contraction and was marked by fluctuations both in Greece and abroad. Political uncertainties, together with a deeper-than-expected recession, as well as the inability to access the international markets, were the main factors that put considerable stress on the liquidity position of the Greek banking system, resulting in:

- a decrease in deposits in the Greek banking market by 5%; and
- an increase in Greek banks funding through Eurosystem to €121 billion, of which only €19 billion came from the European Central Bank.

In this context, liquidity management continued to be one of the highest priorities in 2012, focusing on halting the outflow of deposits and on refinancing tradable and non-tradable assets from the ECB and the Bank of Greece in order to maintain sufficient liquidity and to offset losses from other funding sources. Furthermore, the ATEbank Acquisition and the Cypriot Acquisitions have strengthened our position in Greece, leading to an increase in our share of the deposits market initially to 19% and subsequently to 27% (including Geniki Bank S.A.) from 10% in 2011.

The following table sets out information relating to our main funding sources during 2010, 2011 and 2012 and the three months ended 31 March 2013:

	As at 31 December						As at 31 March	
Funding Sources (€ in millions)	2010		2011[1]		2012		2013	
Liabilities to customers	29,475	56%	21,796	45%	36,971	53%	53,340	65%
Piraeus Bank debt securities	3,170	6%	1,767	4%	858	1%	826	1%
Liabilities to the Eurosystem	17,200	33%	24,378	50%	31,606	45%	21,150	26%
Liabilities to credit institutions	2,671	5%	1,034	2%	955	1%	7,000	8%
Total	**52,516**	**100%**	**48,975**	**100%**	**70,390**	**100%**	**82,268**	**100%**

(1) with the exception of the operations in Egypt that were deemed discontinued in 2011.

Customer deposits are our main funding source, with a balance amounting to €53.3 billion and €37.0 million as at 31 March 2013 and 31 December 2012, respectively, of which €48.7 billion and €32.4 billion, respectively, are from Greece and €4.6 billion and €4.6 billion, respectively, are from outside Greece.

Securities issued to institutional investors as at 31 March 2013 amounted to €826 million including hybrid and other loan capital amounting to €322 million, as well as senior bonds and securitisations amounting to €504 million, of which €170 million related to bonds we issued to SG that provide for SG's participation in our share capital increase resulting in SG holding 0.5% of our Ordinary Share capital, or, if the recapitalisation process is not completed by mid-year 2014, the bonds will be automatically converted to Tier I bonds.

As at 31 March 2013, total Eurosystem funding was significantly reduced and amounted to €21.2 billion compared to €31.6 billion as at 31 December 2012, the majority of which came from the Emergency Liquidity Assistance (ELA), provided by the ECB (31 March 2013: €18.9; 31 December 2012: €31.4 billion). From October 2012 to 16 January 2013 most Greek banks no longer had access to ECB funding because of insufficient capitalisation.

The nominal value of collateral that we offered to the Bank of Greece for funding via the ELA mechanism as at 31 March 2013 and as at 31 December 2012 are shown in the table below:

(€ in millions)	As at 31 December 2012	As at 31 March 2013
EFSF notes	12,753	0
Special bonds of Law 3723	11,705	0
Piraeus Bank securitisations	5,638	5,638
Greek Treasury Bills	840	0
Other	16,579	1,250
Total	**47,515**	**6,888**

EFSF notes include capital advances of €6,253 million provided by the HFSF in 2012 for its participation in our capital enhancement programme, as well as €6,500 million from the difference between assets and liabilities after the ATEbank Acquisition.

We have undertaken in our agreement with the HFSF to use the EFSF notes solely for the purposes of obtaining liquidity from the European Central Bank or the Bank of Greece as part of the Eurosystem and for entering into repurchase transactions with market counterparties (ensuring the right of repurchasing the same securities at the term of the relevant repurchase transaction). Pending such use, we hold the EFSF notes segregated from our other assets or the assets of third parties.

The Special bonds issued under Greek Law 3723/2008 included at 31 December 2012:

- €782 million from the First pillar of the Hellenic Republic Bank Support Plan (preference shares);
- €9,899 million from the Second Pillar of the Hellenic Republic Bank Support Plan (securities issued with the guarantee of the Hellenic Republic); and
- €1,024 million from the Third Pillar Hellenic Republic Bank Support Plan (Greek government bonds).

Capital Management

As at 1 January 2008, we, in compliance with the provisions of Greek Law 3601/2007 relating to "the taking up and pursuit of the business of credit institutions, the capital adequacy of credit institutions and investment firms, and other provisions", have implemented the regulatory framework for capital adequacy, namely "Basel II".

As the importance to maintain and enhance the capital base has been acknowledged for our growth, capital adequacy is frequently monitored by the responsible department and submitted on a quarterly basis to the supervisory authority, the Bank of Greece.

The Bank of Greece requires each institution to maintain a minimum level of regulatory capital related to the undertaken risks.

We, for the purposes of capital adequacy, apply the Standardised Approach for the calculation of capital requirements against Credit Risk, Market Risk and Operational Risk. The Capital Adequacy Ratio is specified as the regulatory capital to the total risk weighted assets and off balance sheet items. The new legislative and regulatory capital framework provides that the capital adequacy ratio should be

above 8%. Pursuant to Act No. 13/2013 of the Executive Committee of the Bank of Greece issued in March 2013 ("Act No. 13/2013"), credit institutions as of the first quarter of 2013 are required to maintain a minimum 9% ratio for Core Tier I capital calculated as it is prescribed by the Bank of Greece. In addition, credit institutions must maintain a minimum 6% ratio, which takes into account certain Core Tier I elements and, in particular, the extent to which total preferred shares and contingent convertible securities, if any, exceed Core Tier I elements. Calculation of our Core Tier I capital based on the requirements of Act No. 13/2013 results in ratios of 14.8% on a consolidated basis and 16.5% on a stand-alone basis as at 31 March 2013.

Our main objectives relating to the capital adequacy management are the following:

- To comply with the regulatory requirements against the undertaken risks according to the regulatory framework;
- To preserve our ability to continue unhindered its operations;
- To retain a sound and stable capital base in order to support our management business plans.

Our regulatory capital, as defined by Bank of Greece Governor's Act 2630/29.10.2010, is comprised of Tier I and Tier II capital.

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

	Bank			Group		
(€ in millions)	As at 31 December 2011	As at 31 December 2012	As at 31 March 2013	As at 31 December 2011	As at 31 December 2012	As at 31 March 2013
Tier I capital						
Ordinary shares	343.0	343.0	343.0	343.0	343.0	343.0
Share premium	2,953.4	2,953.4	2,953.4	2,953.4	2,953.4	2,953.4
HFSF Capital Advance	—	6,844.7	8,445.9	—	6,844.7	8,445.9
One-off contribution under Law 4093/12	—	(98.4)	(98.4)	—	(98.4)	(98.4)
Preference shares	750.0	750.0	750.0	750.0	750.0	750.0
Less: Treasury shares	—	—	—	(0.2)	(0.0)	(0.0)
Minority rights	—	—	—	135.2	128.5	126.6
Portfolio available for sale reserve	(67.4)	60.8	59.8	(72.9)	51.3	48.9
Legal reserve and other reserves	69.0	69.4	69.4	(72.7)	(46.6)	(44.0)
Retained earnings	(6,106.6)	(6,910.7)	(3,259.9)	(5,975.6)	(6,494.9)	(2,877.1)
Hybrid capital	—	—	—	159.6	59.9	58.9
Less: Intangible assets	(134.0)	(256.5)	(268.2)	(348.9)	(410.6)	(419.7)
Total regulatory adjustments on Tier I capital	56.6	(70.2)	(514.6)	58.3	(63.2)	(610.7)
Total Tier I capital (a)	**(2,136.1)**	**3,685.4**	**8,480.4**	**(2,070.8)**	**4,016.9**	**8,676.8**
Tier II Capital						
Subordinated debt	495.0	258.1	243.4	335.4	198.2	184.5
Total regulatory adjustments on Tier II capital	(8.6)	(9.4)	(14.6)	(9.4)	(9.4)	(14.6)
Total Tier II capital	**486.4**	**248.7**	**228.8**	**326.0**	**188.8**	**169.9**
Regulatory capital (b)	**(1,649.7)**	**3,934.1**	**8,709.2**	**(1,744.9)**	**4,205.6**	**8,846.7**
Total risk weighted assets (on and off-balance sheet items) (c)	**29,169.8**	**35,757.9**	**51,350.6**	**34,722.3**	**43,175.5**	**58,141.4**
Tier I ratio (a) / (c)	(7.3)%	10.3%	16.5%	(6.0)%	9.3%	14.9%
Total Capital Adequacy Ratio (b) / (c)	(5.7)%	11.0%	17.0%	(5.0)%	9.7%	15.2%

As at 31 December 2012, we had €3,957 million of EBA Core Tier I capital, total regulatory capital, (our capital base) was €4,205.6 million and the total risk weighted assets amounted to €43,175.5 million. Therefore, the Total Capital Adequacy Ratio was 9.7% and the EBA Core Tier I was 9.2%. Only €570 million out of the €1.65 billion commitment statements have been taken into account for the calculation of the regulatory capital. Taking into account the total amount of capital guaranteed by the HFSF (€7,905 million), the pro forma EBA Core Tier I capital is €5,039 million, total regulatory capital is €5,288 million, the pro forma Total Capital Adequacy Ratio is 12.2%, the pro-forma Tier I ratio is 11.8%, and the pro-forma EBA Core Tier I is 11.7%.

As at 31 March 2013, the total regulatory capital (our capital base) was €8,846.7 million and the total risk weighted assets amounted to €58,141.4 million. Therefore, the Total Capital Adequacy Ratio is 15.2% and the EBA Core Tier I is 14.8%. Taking into account the total amount of capital guaranteed by the HFSF (€7.9 billion), as well as €524 million in connection with the Cypriot Acquisitions that the HFSF will provide us in the form of EFSF notes.

Sources of liquidity are reviewed on an ongoing basis to ensure diversification by currency, geography, counterparty and product.

Credit Ratings

The credit rating of Piraeus Bank and the other Greek banks has always been related to the credit rating of the Hellenic Republic and the ratings assigned by international credit rating agencies to Greek bonds.

Since 2010, the year in which Greece's rating was placed to non-investment grade for the first time since ratings were given (Moody's: 14 June 2010, S&P's: 27 April 2010, Fitch: 14 January 2011) the correlation has been even stronger because support from the state (and by extension from the Eurosystem and other Member States of the EU) has played a significant part in the methodology developed / framed by the international credit rating agencies to assign credit ratings to Greek banks.

In 2012, Greece defaulted on its obligations to bondholders, through the debt exchange announced, and was therefore assigned default ratings according to the rating agencies' criteria.

We and the other Greek banks, enjoying the support referred to above, were not assessed as being in default but were placed in rating category C.

The current ratings of the Bank by the international agencies Moody's Investors Service Cyprus Ltd ("Moody's"), Standard & Poor's Credit Market Services Italy S.r.l. ("S&P") and Fitch Ratings Limited ("Fitch") are presented below:

	Moody's[1]	Standard & Poor's[2]	Fitch[3]
Long-term credit rating	Caa2	CCC	B−
Short-term credit rating	NP	C	B
Outlook	Negative	Negative	Stable

(1) Moody's Credit Opinion 3 May 2013.

(2) S&P's Report 19 November 2012 & confirmation 20 December 2012 and 4 April 2013.

(3) Fitch Credit Opinion 16 May 2013.

Recent events relating to changes in or confirmations of Piraeus Bank's credit rating are as follows:

Moody's

The most recent change to our rating occurred on 23 September 2011, when we were downgraded to Caa2/NP/Negative from B3/NP/On Review. This was subsequent to the downgrading of Greece to Ca on 25 July 2011. Since then, we have retained this rating, and on 3 August 2012, the agency proceeded to confirm the Caa2 rating following the announcement of the ATEbank Acquisition.

Standard & Poor's

On 15 June 2011, S&P's downgraded our rating to CCC/C/Negative from B/Watch Negative/C. This rating has since remained unchanged. S&P confirmed the rating on 2 March 2012 following Greece's Selective Default rating, as a result of the debt exchange (27 February 2012). The rating was reconfirmed on 24 October 2012 following the announcement of our purchase of Geniki Bank S.A., and finally, two further confirmations were published on 7 December 2012 and 20 December 2012. S&P placed Greece once again on Selective Default because of the announcement of the purchase of Greek debt, and has since upgraded the country to B−/Stable. The most recent ratings confirmation for Piraeus Bank was published on 4 April 2013, following the Cypriot Acquisitions.

Fitch

Fitch, which downgraded Greece to CCC from B−/Stable on 17 May 2012, upgraded Greece's long-term credit rating and short-term credit rating to B− and B, respectively, on 14 May 2013. The outlook on the long-term credit rating is stable. Greek banks' ratings have been upgraded accordingly and Piraeus Bank's current rating as at 16 May 2013 is B−/B/stable.

Moody's, Standard & Poor's and Fitch are companies based in the United Kingdom and registered pursuant to Regulation 1060/2009, in accordance with the list posted on the internet by the European Securities Market Authority (ESMA), last updated on 20 March 2013.

Capital Expenditures

We incurred capital expenditures (excluding investments in subsidiaries and affiliates) of €45.5 million for the three months ended in 31 March 2013 and €222.1 million, €211.2 million and €227.3 million in the years ended 31 December 2010, 2011 and 2012.

These capital expenditures principally related to the expansion of our branch network in Greece and internationally, the acquisition of furniture and furnishings, equipment, and the acquisition and improvement of real estate and acquisition of land and buildings as well as investments in software.

The following table presents our capital expenditures in tangible and intangible fixed assets for the years ended 31 December 2010, 2011 and 2012 and the three months ended 31 March 2013.

(€ in millions)	Year ended 31 December			Three months ended 31 March
	2010	2011	2012	2013
Land and buildings	33.2	26.9	5.2	4.0
Furniture, electronic and other equipment	14.4	16.7	9.4	2.6
Capital investments in progress	43.5	35.0	74.8	6.8
Other tangible assets	77.1	72.9	68.3	24.6
Leasehold property	8.3	8.6	3.2	0.5
Investment property	18.1	26.8	32.8	2.3
Software	23.9	22.2	31.6	4.3
Other intangible assets	3.6	2.1	2.0	0.3
Total	**222.1**	**211.2**	**227.3**	**45.5**

In the period after 31 December 2012 and until the date this Offering Memorandum we have undertaken, among others, the following major investments:

- 100% coverage of the share capital increase of ATE Insurance SA, in an amount of €172.06 million;
- the Cypriot Acquisitions;
- execution of a convertible debenture loan issued by Geniki Bank S.A. in an amount of €350.3 million that converts into shares of Geniki Bank S.A. at a conversion rate of €6.86 per share; and
- the MBG Acquisition.

Capital Commitments

In the normal course of business, we enter into a number of contractual commitments, which consist of commitments to extend credit, commercial letters of credit, standby letters of credit and guarantees and operating lease commitments.

The following table sets out our capital commitments as at 31 December 2011, as at 31 December 2012 and as 31 March 2013:

Credit Commitments

(€ in millions)	As at 31 December		As at 31 March
	2011	2012	2013
Letters of guarantee	2,571.7	3,109.9	3,031.9
Letters of credit	53.8	44.2	52.3
Commitments to extend credit	1,737.3	1,229.4	1,157.5
Total	**4,362.9**	**4,383.5**	**4,241.7**

Assets pledged:

(€ in millions)	As at 31 December 2011	As at 31 December 2012	As at 31 March 2013
Cash and balances with the Central Bank	0.6	770.3	750.7
Trading securities	385.6	100.4	165.4
Investment securities	3,013.1	962.7	955.5
Own Issued Debt Securities held by the Group	14,702.4	11,578.5	16,541.7
Loans and advances to customers and debt securities receivables	12,485.6	16,421.6	9,937.6
Total	**30,587.3**	**29,833.5**	**28,350.8**

In the "Own Issued Debt Securities held by the Group" category, an amount of €9,996 million (€10,000 million as at 31 December 2012) refers to securities that had been issued with the unconditional guarantee of the Hellenic Republic and an amount of €5,296 million (€328 million as at 31 December 2012) refers to securities issued under the securitisation of mortgage loans and an amount of €1,250 million (€1,250 million as at 31 December 2012) refers to our issuance of covered bonds. These securities are not included in the assets.

Operating lease commitments:

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

(€ in millions)	As at 31 December 2011	As at 31 December 2012	As at 31 March 2013
Up to 1 year	44.8	65.3	86.5
From 1 to 5 years	174.8	255.6	343.6
More than 5 years	329.6	447.6	612.7
Total	**549.2**	**768.5**	**1,042.9**

OUR BUSINESS

Overview

We are the largest bank in Greece as measured by assets, loans and deposits as at 31 March 2013. Outside Greece, we are active in four countries of SEE (Albania, Romania, Bulgaria and Serbia), as well as in Ukraine, Cyprus and Egypt. We also have a presence in London and Frankfurt.

We have recently significantly expanded our operations through a number of acquisitions, which have occurred in the context of the ongoing consolidation of the Greek banking sector. These transactions include the (i) ATEbank Acquisition, (ii) Geniki Acquisition, (iii) Cypriot Acquisitions and (iv) MBG Acquisition. As at 31 March 2013, we had €85,926.4 million, €71,868.1 million and €53,339.8 million in total assets, gross loans and advances to customers and customer deposits, respectively, and a network of 1,630 branches and 23,574 employees worldwide.

We offer a wide range of financial services to retail and corporate clients, including retail banking (with advanced electronic banking applications), corporate banking, shipping finance, investment banking, capital markets and related services, brokerage services, asset management, treasury services and other ancillary services such as real estate, bancassurance, leasing and factoring. In Greece, we are among the leading providers of banking services and credit to retail and SME customers. We are also one of the leading advisers in Greece in capital markets and investment banking, leasing and shipping finance and one of the market leaders in electronic and green banking. With the ATEbank Acquisition, we are now the leading financial provider of loans to Greek farmers, facilitating operations that are subsidised by the EU and that offer potential for deposit gathering and cross selling.

For the year ended 31 December 2012, we had total income of €2,217.3 million, which included net interest income of €1,027.5 million, net fee and commission income of €217.6 million and other operating income (which included dividend income, net income from financial instruments designated at fair value, results from investment securities and other operating income) of €972.2 million. For the three months ended 31 March 2013, we had total net income of €3,845.4 million, which included net interest income of €314.5 million, net fee and commission income of €55.0 million and other operating income of €3,475.9 million, including €3,413.7 million of negative goodwill that we recognised in connection with the Cypriot Acquisitions. In 2012, we derived 50% of our consolidated net revenues from retail banking operations (including SMEs), 15% from corporate banking operations, 1% from investment banking operations and the remaining 34% from asset management, treasury services and other ancillary activities. At 31 March 2013, our total assets were €85,926.4 million, our loans and advances to customers (net of loan loss provisions) amounted to €60,686.5 million (of which approximately 10% were loans and advances to customers outside Greece in the countries in which we operate) and our liabilities in the form of customer deposits were €53,339.8 million (of which approximately 9% were liabilities to customers outside Greece). We had an NPL ratio of 31.4% and a NPL coverage ratio (after fair value adjustment) of 50%, and a cumulative provisions (after fair value adjustment) to gross loans ratio of 16%, as at 31 March 2013.

After consummation of all of the Acquisitions, and assuming we receive the antitrust and regulatory approvals for the MBG Acquisition and satisfy the remaining conditions for the MBG Acquisition, we will serve 6.7 million customers through 1,750 branches worldwide, including a network of 1,306 branches in Greece and 444 foreign branches. We serve our customers in Cyprus through 14 branches (through our subsidiary Piraeus Bank Cyprus), in Ukraine through 38 branches (through our subsidiary JSC Piraeus Bank), in Serbia through 42 branches (through our subsidiary Piraeus Bank Beograd), in Egypt through 42 branches (through our subsidiary Piraeus Bank Egypt), in Albania through 56 branches (through our subsidiary Tirana Bank), in Bulgaria through 83 branches (through our subsidiary Piraeus Bank Bulgaria) and in Romania through 167 branches (through our subsidiary Piraeus Bank Romania). We also have one branch in Frankfurt and one branch in London. Our net losses (attributable to equity holders of the parent entity) from our international operations represented 9% of our total net loss in 2012, while for the three months ended 31 March 2013 our results from international operations were marginally negative.

We have a strong track record of innovation in banking products and services. Since 2000, with the launch of our electronic banking platform, Winbank (an Internet network interfacing with our network of 2,452 ATMs), it has been our objective to develop a modern alternative channel for the delivery of banking services to our customers, which we believe can give us a competitive advantage in the market. In that regard, Winbank and our network of 387 APSs are growing and being enhanced across our

domestic and international footprint. In 2010, we launched Winbank Direct, the first online channel for the sale and delivery of banking products and services in Greece, which offers new flexible banking products that are specifically designed for the needs of online users in the Greek banking market. We have also earned significant market recognition through our promotion of banking products for the growing segment of businesses that develop and invest in environmental or "green" technologies, projects or assets, as well as agri banking products for farmers, exporters and manufacturers of agricultural products.

We continue to improve our ongoing training, support and incentive schemes for our customer service and back office personnel, which is a young and educated workforce with an average age of approximately 40 years on a Group wide basis. The skills and strengths of our workforce, for which we enjoy high retention rates, are reflected in customer satisfaction surveys which indicate that we enjoy one of the highest customer satisfaction rates in the Greek banking industry.

The Ordinary Shares have been listed on the ATHEX since 1918. On 31 May 2013, the total market capitalisation of the ATHEX was €63.6 billion, the top 25 companies accounted for 85.7% of the total market capitalisation, and our market capitalisation was €228.7 million.

Our Competitive Strengths

We believe we have a number of competitive strengths that allow us to respond to the challenging conditions in the market and will position us well to benefit from improved market conditions in the future. These strengths include:

Leading position in the Greek banking market

We are the largest bank in the Greek market with a 28% market share in loans and a 27% market share in deposits as at 31 March 2013. As at 31 March 2013, our Greek operations had €54.4 billion in net loans (90% of the Group's total), €48.7 billion in deposits (91% of the Group's total) and, for the first quarter of 2013, €111 million in pre-provision earnings (66% of the Group's total). As at 31 March 2013, we had the largest distribution network in Greece, with 1,186 branches, compared to the next largest competitor with 733 branches, and had approximately 5.3 million customers. We believe this footprint will allow us to compete for deposits and lending opportunities more effectively, and from a position of competitive strength. From 30 June 2012 to 31 March 2013, we increased our deposits by €33.8 billion, largely through the integration of the ATEbank Acquired Business, Geniki Bank S.A., the Cypriot Acquired Businesses, while at the same time improving the composition of our deposit portfolio with time and sight deposits amounting to 40% of our total deposits as at 31 March 2013 from 35% in June 2012.

Over the last several years, the Greek banking sector has experienced a period of significant consolidation, going from a fragmented market with four large banks and a large number of small banks each controlling between 1% and 7% of the market for loans and deposits as at 31 March 2012 to four systemic banks with a combined 84% of the loan market as at 31 December 2012 and fewer smaller market participants. The consolidation of the Greek banking market is expected to lead to increased efficiency and lower deposit costs, which we expect will be beneficial to us.

Attractive customer base and leading provider of financial services to business and agricultural customers in Greece

Our SME customer base in Greece prior to the Acquisitions comprised approximately 125,000 businesses and our loan exposure to this customer group is primarily to medium-sized companies with more conservative risk profiles compared to small businesses. The provision of credit and other banking services to SMEs has consistently been the principal focus of our commercial banking activities for almost two decades. With our branch network and our specialised Business Centres throughout Greece, we serve our SME customers with credit products and other services tailored to their individual needs. We do not have a significant concentration of SME loans to any specific industry and our SME loan portfolio is geographically diversified.

Our leading market position among larger entities in the SME sector gives us several competitive advantages including significant opportunities for cross-selling products and services and, given the general short term maturity profile of our SME loans, the opportunity to re-price our loans more

quickly. Our SME customers have enhanced the overall quality and profitability of our loan book as they generally have conservative financing profiles.

We also believe that the recovery of the Greek economy will be supported by the agricultural sector, and our presence in this sector should provide opportunities for growth. Through the ATEbank Acquisition, we now have banking relationships with over 700,000 agricultural sector customers in Greece that offer potential for deposit gathering and cross selling, which has provided us with an opportunity to be the leading Greek bank in this sector.

Capital position with buffer above the Bank of Greece's 9% Core Tier I ratio target

As at 31 March 2013 and after taking into account the €8,429 million recapitalisation, but excluding the MBG Acquisition, the Group had Core Tier I capital of €8.6 billion and a Core Tier I ratio of 14.8%. The Core Tier I capital represented a capital buffer of approximately €3.4 billion compared to the Bank of Greece's Core Tier I ratio target of 9%. The implementation of the Basel III rules is expected to have a limited effect on our capital ratios and relate primarily to the treatment of preference shares as well as deductions in respect of the deferred tax assets deriving from the PSI.

Diversified funding structure and robust liquidity position with reduced reliance on Eurosystem funding

We have a diversified funding structure, predominately consisting of customer deposits, which represented 62% of total liabilities as at 31 March 2013. Our customer deposits amounted to €53.3 billion, €48.7 billion of which was in Greece, as at 31 March 2013 and positions the Group as the market leader in Greece with a 27% market share. Our deposit portfolio has benefited significantly from the ATEbank Acquired Business' low cost deposit base and the Cypriot Acquired Businesses' large customer deposit base, with core (sight and savings) deposits representing 37% of our total deposits as at 31 March 2013 (40% of our total deposits in Greece), compared to an average of 33% for the Greek market. Our loan-to-deposit ratio as at 31 March 2013 was 114%, which was one of the lowest among the Greek banks.

Our utilisation of Eurosystem funding decreased significantly in the first quarter of 2013, driven by an increase in deposits, Greek Treasury Bill repayments and new interbank repo transactions. Eurosystem funding support for us was at €21.2 billion as at 31 March 2013, compared to €31.6 billion as at 31 December 2012. The interbank repo market has also recently re-emerged as a source of funding, representing 6% of our total assets (€6 billion) as at 31 March 2013. Repo funding is expected to partially replace Eurosystem funding following the recapitalisation through the use of EFSF notes received in connection with the ATEbank Acquisition and our recapitalisation. We have access to additional funding sources if required, including €10 billion of unutilised Eurosystem eligible collateral.

Resilient stand-alone pre-provision earnings generation with further medium term upside potential stemming from synergy benefits

Despite adverse economic and credit market conditions in Greece, and to a lesser extent the other markets in which we operate, our pre-provision income has shown resilience. Profit before provisions, impairments and income tax (adjusted for share of profit of associates) was €1,323 million for the year ended 31 December 2012, although this amount reflected several non-recurring items including an estimated €409 million additional costs related to ELA vs. ECB funding, €351 million of negative goodwill related to Geniki Bank S.A. and €394 million gain related to the Buy-Back Programme. We had profit before provisions, impairments and income tax (adjusted for share of profit of associates) of €3,584 million for the three months ended 31 March 2013 (including €3,414 million of negative goodwill in relation to the Cypriot Acquisitions).

Profit before provisions, impairments and income tax (adjusted for share of profit of associates) is expected to benefit from funding cost improvements, as we regained access to ECB funding in mid-January 2013, which has substantially reduced our reliance on the more expensive ELA funding, and an expected gradual reduction in deposit spreads. We expect to derive significant synergies in connection with the Acquisitions, which we estimate, on a fully phased, pre-tax basis to be approximately €547 million per annum beginning three years from the Acquisitions. These synergies, which are expected to enhance our ability to generate pre-provision earnings, are anticipated to be driven mainly by cost savings, both operational (branch and personnel optimisation and elimination of overlapping infrastructure) and funding (mainly through reduced time deposit spreads as deposit

spreads of the Acquired Businesses move closer to the level of Piraeus deposit spreads), as well as limited revenue synergies.

Diversified and adequately provisioned loan book underpinned by strong risk management policy

We have a conservative and disciplined credit culture. We believe that we have an effective system of internal controls that is adequate for the size and complexity of our business and that it is supported by a modern and efficient IT and debt collection platform. Moreover, we regularly monitor the effectiveness of our risk management process, including board and senior management oversight, to identify, monitor and control or mitigate material risks relating to our operations, including loan approval processes and other types of asset formation throughout the Bank.

Our loan portfolio is well diversified between business loans after provisions of €39.4 billion and retail loans after provisions of €21.3 billion as at 31 March 2013. Additionally, we have limited exposure to non-collateralised SME loans, no material exposure to point-of-sale consumer finance and a mortgage portfolio with an average loan-to-value ratio of 65% as at 31 December 2012.

The ratio of non-performing loans to total gross loans as at 31 March 2013 was 31.4%, and 26% excluding the Cypriot Acquisitions, compared to 24% as at 31 December 2012. We believe our loan portfolio has been adequately provisioned, with a cumulative provisions (after fair value adjustment) to non-performing loans ratio of 50% as at 31 March 2013, translating into a cumulative provisions (after fair value adjustment) to total gross loans ratio of 16%. In addition to cash provisions, we have, where possible, sought to receive collateral from our customers.

Based on the BlackRock Diagnostic Assessment of Greek Banks, the gross credit loss projections over the June 2011 to June 2014 period divided by the loan balance for the Bank was the lowest amongst the four systemic banks on a life of portfolio basis under either the baseline or the adverse scenario contemplated by the assessment. Additionally, we have recorded during the past 21 months the amount of total provisions projected by BlackRock over a three-year horizon under the adverse scenario. On a stand-alone parent entity level (excluding the Acquired Businesses), we had a cumulative provisions (after fair value adjustment) to gross loans ratio of 16% as at 31 March 2013, already beyond the level of the BlackRock three-year adverse scenario (15.3% estimated credit losses).

Strong collection process

We have been able to mitigate some of the adverse impacts of the severe economic contraction in Greece over the last few years due to our collection process. In retail banking, we have focused on providing realistic restructuring solutions and payment arrangements to distressed customers, particularly the increasing number of customers who have lost their job or experienced income reductions. Given our level of non-performing loans, a strong collection process will continue to be very important in order to manage our non-performing loan exposure, minimise our credit losses and preserve our capital.

Experienced management team

Our management team consists of a number of individuals with significant banking experience. Most of the core management team has remained intact since the 1990s, while executives with other significant experience have joined our senior management team, which has added strength and depth.

We believe that our management team has demonstrated its ability to successfully lead us through the various economical and sector cycles not only in its day to day activities, but also in executing integration processes (more than 20 acquisitions in the last 20 years). More recently, our management team has again demonstrated its leadership in pursuing and executing strategic initiatives, which has resulted in us now being the largest bank in Greece as measured by assets, loans and deposits. We believe our management team has developed the strategic experience in selecting targets with significant benefits for the Group and integrating new operations effectively. In addition to growing our business and leading us through the recent financial turmoil, our senior management team has a proven track record of innovation in banking products and services.

Established regional platform offering earnings diversification

Our leading domestic market position is complemented by an international presence in nine countries outside Greece, including operations in four countries of SEE (Albania, Romania, Bulgaria and Serbia) as well as in Ukraine, Cyprus and Egypt. We also have one branch in Frankfurt and one branch in London. Our international operations include a wide range of traditional commercial banking services such as extension of commercial and retail credit, trade financing, foreign exchange and the taking of deposits. This product offering is complemented with recognised specialised financial services expertise in leasing, real estate and insurance and helps enlarge our client base in these international markets.

We serve 1.2 million customers outside Greece through 444 foreign branches. As at 31 March 2013, our international operations had €6.3 billion in total net loans after provisions (approximately 10% of the Group's total), €4.6 billion in customer deposits (approximately 9% of the Group's total), and for the three months ended 31 March 2013, €58 million in pre-provision income (approximately 34% of the Group's total).

Our Strategy

We seek to participate in the reconstruction of the Greek economy, by financing creditworthy investment plans, providing liquidity to businesses and households and protecting the savings that our customers have entrusted to us.

Through the capital enhancement provided by the Recapitalisation Plan, as well as our expansion through the Acquisitions, we have established ourselves as a well-capitalised credit institution and the leader in the Greek banking market.

Our strategic priorities are to:

- maintain our leading position in the Greek market and operate a well-established branch network in SEE;
- be the bank of choice for SMEs in Greece and one of the principal banks for medium-sized businesses, professionals and consumers in all of the countries in which we operate;
- be among the leaders in selected markets in which we have a product and geographical presence, further developing products and services that present us with business opportunities, with an emphasis on agri-banking, green banking and online banking;
- provide a service of high quality to our customers, with an emphasis on integrated service and innovation;
- manage our international activities, so that they are self-financed, profitable and independently capitalised;
- deliver the expected cost and income synergies from the Acquisitions by fully integrating the businesses and companies that we acquired to the advantage of shareholders, customers and employees;
- maintain our significant position in technological developments in financial services and electronic banking applications;
- maintain and enhance a business environment where our employees can realise their full potential and ensure their commitment to achieving excellent results;
- contribute to the economic recovery of Greece, through providing banking services to households and businesses and financing projects that contribute to sustainable economic growth; and
- combine profitability with corporate and social responsibility.

In the medium term, we have adapted our strategy to overcome the current economic conditions in Greece and the significant market volatility and have set the following priorities:

Capital enhancement

We intend to strengthen our Core Tier I ratio through the Recapitalisation Plan, which, we expect, will include a capital increase in the amount of €8,429 million.

The proposed capital increase is intended to strengthen our position and capital adequacy indicators in view of the current macroeconomic conditions and the increasingly rigorous regulatory framework applicable to us.

Efficient integration of acquired businesses

Efficient integration of the businesses and companies that we have recently acquired is a strategic objective of primary importance, both to ensure the financial position of the new Group through effective risk management, and to ensure that we achieve the expected cost and income synergies. Having acquired approximately 20 other banks and businesses in the last 20 years, we believe our extensive experience in integrating target banks and businesses will ensure the seamless integration of the Acquisitions, thereby providing us with a further comparative advantage. Integration of the ATEbank Acquired Business into our operations is nearly complete, and we have begun the integration process of the Cypriot Acquired Businesses, which is expected to be completed by mid-year 2014. We expect to begin the integration process of MBG upon consummation of the MBG Acquisition.

Strengthen our balance sheet

Our main priority is to further strengthen our balance sheet with:

- high-quality assets;
- an appropriate funding mix for our operations;
- a diversified deposit base with a low degree of depositor concentration; and
- an optimal capital structure offering flexibility to respond to market developments.

We manage our balance sheet both in terms of size and quality, aiming to maintain a flexible asset and liability base. We are pursuing this Offering to, among other things, strengthen and consolidate our capital position and to ready the Bank to play an important role in the rehabilitation of the Greek economy.

Safeguard asset quality and loan diversification

In response to the economic crisis, particularly in Greece, we have applied more stringent criteria for loans and advances (including avoiding high-risk clients, engaging in the intensive management of credit exposures, focusing on fully secured, low loan-to-value mortgages and minimising unsecured consumer financing exposure), which is a policy that is supported by the credit culture of our senior management team, as well as by our advanced and strong risk management systems.

We are committed to maintaining the diversity of our assets both across segments and geographically. As at 31 March 2013, 10.2% of total gross loans to customers were made through our international operations, and as of such date business loans accounted for 66.3% of total gross loans, mortgage loans accounted for 23.3% of total gross loans and consumer loans accounted for 10.3% of total gross loans. We expect to maintain the diversity of our loan book.

Preserve sources of funding and adequate liquidity

We seek to attract new deposits through our branch network in Greece (the largest bank branch network in Greece as at 31 March 2013) and in the international markets in which we operate. At the same time, having adjusted our operations and policies to the prevailing conditions and the liquidity constraints, our policy in our international operations is to grow our deposit base faster than our loan portfolio. We also seek to improve our liquidity by exploring other sources of funding (e.g. interbank financing with underlying collateral in the form of notes issued by the EFSF) and by participation in the liquidity enhancement programme for Greek banks. We expect gradual expansion in our use of the interbank market in the medium term, as it is reopened to Greek banks, which will allow us to reduce

our exposure to the refinancing mechanisms of the European Central Bank. Our ability to gradually reduce the cost of deposits, subject to market controls, is also a priority in this regard.

Manage operating costs

A significant reduction in operating costs has been an important strategic objective, since the onset of the crisis. In this context, we have implemented specific actions for the reduction of our operating costs, such as centralising various activities, rationalising advertising and promotional costs, simplifying procedures, re-examining all of our contractual relationships with our suppliers and external advisers, decreasing remuneration of personnel, as well as the appointment of existing employees to vacant positions through internal transfers. The cost synergies that we expect to achieve with the businesses that we have recently acquired in Greece may provide a particularly significant contribution to our profitability.

History and Development of Our Group

The Bank was incorporated in Greece on 6 July 1916, pursuant to the laws of the Hellenic Republic and is presently operating as a credit institution in the form of a *société anonyme* under Law 2190/1920 and Law 3601/2007, in each case as amended. The Bank was nationalised in 1975 and reverted to private ownership in 1991. The Bank's shares were listed on the ATHEX in 1918. Today, the Bank is the principal operating company of the Group and the direct or indirect parent company of the operating subsidiaries in the Group. The following list sets forth the most significant events in our history or the history of the Group:

1916 • Establishment of Piraeus Bank

1918 • The shares of Piraeus Bank were listed on the ATHEX

1963 • Piraeus Bank was integrated into the Emporiki Bank Group in Greece

1975 • Piraeus Bank came under state control within the Emporiki Bank Group

1991 • Privatisation of Piraeus Bank

1992 • Reorganisation, reform and growth

• Investment in Private Investment, later renamed Piraeus Investment S.A. (1995)

1993 • Establishment of Piraeus Leasing S.A., Piraeus Mutual Funds S.A. and Piraeus Insurance Agency S.A.

1996 • Establishment of Tirana Bank I.B.C.

1997 • Purchase of the assets and liabilities of Chase Manhattan Bank in Athens

• Acquisition of 30% of Sigma Securities S.A. and agreement on the acquisition of an additional 21% (1998)

1998 • Acquisition of Macedonia Thrace Bank and Credit Lyonnais Hellas

• Agreement on the acquisition of a majority stake of Xios Bank (completion at the beginning of 1999)

• Agreement on the acquisition of a 56% stake in Marathon National Bank of New York (completion in mid-1999)

1999 • Purchase of the assets and liabilities of National Westminster Bank in Greece

• Agreement on the acquisition of Pater Credit Bank in Romania (integrated into the Group in April 2000 as Piraeus Bank Romania SA); establishment of the London Branch of Piraeus Bank

• Operating and administrative integration of the three commercial banks of the Group: Piraeus Bank, Macedonia Thrace Bank and Xios Bank

2000 • Merger of Macedonia Thrace Bank and XiosBank into Piraeus Bank

• Creation of the integrated e-banking platform, Winbank

- Our subsidiary, Picar S.A., takes over the operation of the main building ("Megaron") of the Participative Army Fund

2001
- Completion of our reorganisation of asset management and investment banking divisions with the merger of similar mutual funds, the integration of Xios Securities and Macedonia Thrace Securities into SIGMA Securities S.A., the sale of Piraeus Bank Prime Bank and the purchase of part of its assets and customers by Piraeus Bank
- Agreement for the acquisition of ETVA Bank, which extended our market shares in banking, leasing and third-party wealth management

2002
- Completion of acquisition of 57.8% of ETVA Bank

2003
- Merger of (i) ETVA Bank into Piraeus Bank, (ii) Piraeus Investment S.A. into Hellenic Investment Company and (iii) ETVA Leasing into Piraeus Leasing S.A.

2004
- Acquisition of Interbank New York by the Group's subsidiary Marathon Banking Corporation
- Merger of Devletoglou Securities S.A. into Sigma Securities S.A. and ETVA Insurance Agency by Piraeus Insurance Agency S.A., and integration of Piraeus Finance, Piraeus Investment Consulting and Piraeus Equities Holding into Piraeus Bank

2005
- Acquisition of 99.7% of Piraeus Eurobank A.D. in Bulgaria (renamed Piraeus Bank Bulgaria AD)
- Acquisition of 80% of Piraeus Atlas Banka in Serbia
- Acquisition of 69.3% of Egyptian Commercial Bank in Egypt in August (renamed Piraeus Bank Egypt) and shareholding increased to 87.97%

2006
- Merger and operational integration of our branch network in Bulgaria with Piraeus Bank Bulgaria

2007
- Acquisition of remaining share capital (20%) of Piraeus Securities (A.E.P.E.Y.)
- Acquisition of the Greek operations of car rental company Avis
- Acquisition of International Commerce Bank in Ukraine (renamed JSC Piraeus Bank ICB)
- Acquisition of the branch network of Arab Bank in Cyprus
- Cooperation agreement with ING for providing life bancassurance services
- Successful completion of our €1.35 billion share capital increase

2008
- Establishment of Piraeus Bank Cyprus Ltd
- Increase of our investment in Piraeus Leasing S.A. to 100% and delisting of Piraeus Leasing from the ATHEX (completed on 27 January 2009)

2009
- Issuance of redeemable preference shares without voting rights to the Hellenic Republic under Law 3723/2008 for a total amount of €370 million
- Strategic cooperation with BNP Paribas Wealth Management for providing wealth management services
- Entry into a 10-year exclusive agreement with Victoria A.E.E.Z., subsidiary of Ergo International in Greece and member of the German insurance group Munich Re, to provide general insurance services
- Merger of two car rental companies in the Group, Avis and Best Leasing

2010
- Creation of Winbank Direct (www.winbankdirect.gr), the first online channel for the delivery of banking services in Greece addressing the entire Greek market including non-existing customers of Piraeus Bank
- Implementation of Pillar II of the Hellenic Republic Bank Support Plan (securities issued by the Bank with the guarantee of the Hellenic Republic) under Law 3723/2008

2011
- Successful completion of a share capital increase for a total amount of €807 million

- Issuance of additional redeemable preference shares without voting rights to the Hellenic Republic under Law 3723/2008 for a total amount of €380 million
- Issuance of €1,250 million in covered bonds with a maturity of three years

2012
- Participation in the PSI, with the repurchase of all of our Greek government bonds, resulting in an overall impairment recognised in financial year 2011 and amounting to €5.9 billion before taxes
- Acquisition of the selected assets and liabilities of ATEbank, which was placed under special liquidation following a decision of the Resolution Measures Committee of the Bank of Greece
- Sale of the Bank's subsidiary Marathon Banking Corporation (98.5%) to Investors Bancorp Inc in New York
- Completion of the Geniki Acquisition
- Payment by the HFSF of a capital advance of €6.25 billion and delivery of a commitment statement of €1.1 billion, in view of its participation in the programme for the capital enhancement of the Bank (including €570 million of the commitment statement that related to the ATEbank Acquired Business)
- Participation in the Buy-Back Programme, which contributed to a profit before tax of €0.4 billion (compensating for impairment of €0.3 billion in 2012 from the redefinition of the fair value of the new bonds of the Hellenic Republic, as a result of the PSI)

2013
- Completion of the Cypriot Acquisitions
- Acquisition of MBG, the Greek subsidiary of BCP, which remains subject to antitrust and regulatory approvals and satisfaction of certain conditions
- On 18 April 2013, the Bank signed an agreement to sell its share holdings in ATE Bank Romania S.A. (93.27%) for €10.3 million
- Acquisition of the custody, settlement and related services in Greece of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank and the mutual funds distribution business of Cyprus Popular Bank

As at 31 March 2013, we had a network of 1,630 branches (1,186 in Greece and 444 internationally), while our ATM network consisted of 2,892 ATMs (2,173 ATMs in Greece and 719 ATMs internationally). Through the MBG Acquisition, we will acquire 120 branches and 199 ATMs in Greece. As at 31 March 2013, our customer deposits amounted to €53,340 million and loans and advances to customers (net of provisions) were €60,687 million.

The Bank is a company limited by shares with the legal name "Piraeus Bank Société Anonyme". The Bank's commercial name is Piraeus Bank S.A. The duration of the Bank as determined by our Articles of Association will expire on 6 July 2099.

The Bank is registered in Greece with the General Commercial Registry of the Ministry of Development, Competitiveness, Infrastructure, Transportation and Networks under No. 22550100 (ex number 6065/06/B/86/04 of Companies' Registry) and has its registered office at 4 Amerikis Street, 105 64 Athens, Greece. The telephone number of the Bank is +30 210 333 5000. It has been listed on the ATHEX since 1918, and is subject to regulations and supervision by the Bank of Greece as well as the HCMC.

Our Products, Services and Activities

We provide a wide variety of banking products and services to retail customers and corporate clients. We are active in retail banking, corporate banking, project finance, shipping, investment banking, e-banking and green banking, and provide services in equity brokerage, asset management and bancassurance.

Most of our banking business is in Greece and includes retail, commercial and investment banking, as well as asset management. As at 31 March 2013 and 31 December 2012, approximately 89% and 87%, respectively, of our total assets were assets related to our operations in Greece. Our Greek

banking operations accounted for 76.1% of our total net income for the three months ended 31 March 2013 and 78.5% of our total net income for the financial year ended 31 December 2012.

As at 31 March 2013, approximately 90.8% of our loans and advances to customers were extended to borrowers in Greece. As at 31 December 2012, approximately 85% of our loans and advances to customers were extended to borrowers in Greece.

The following table sets out our Group loans and deposits as at 31 December 2010, 2011 and 2012 and as at 31 March 2013 (excluding MBG):

(€ in millions)	As at 31 December			As at 31 March
	2010	2011	2012	2013
Group Loans (gross)	39,071	37,058	50,573[1]	71,868[2]
Group Deposits	29,475	21,796	36,971	53,340

(1) Represents gross loans prior to the €2,127.7 million fair value adjustment for opening balances at the acquisition date relating to the allowance for impairment of loans of the ATEbank Acquired Business and Geniki Bank, which was applied to loans and advances to customers in accordance with IFRS 3. As applied, this adjustment decreases the balance of loans and advances to customers before provisions and it is not included in the allowance for impairment on loans and advances to customers. However, for purposes of monitoring credit risk and for disclosure purposes according to IFRS 7, this adjustment does not affect the balances of loans and advances before provisions, as we have not stopped monitoring the adjustment as part of the provisions.

(2) Represents gross loans prior to the €6,954.9 million fair value adjustment for opening balances at the acquisition date relating to the allowance for impairment of loans of the ATEbank Acquired Business, Geniki Bank and the Cypriot Acquired Businesses, which was applied to loans and advances to customers in accordance with IFRS 3. As applied, this adjustment decreases the balance of loans and advances to customers before provisions and it is not included in the allowance for impairment on loans and advances to customers. However, for purposes of monitoring credit risk and for disclosure purposes according to IFRS 7, this adjustment does not affect the balances of loans and advances before provisions, as we have not stopped monitoring the adjustment as part of the provisions.

As at 31 March 2013, the Group's loans to customers (before provisions) increased by 42.1% to €71,868 million from €50,573 million as at 31 December 2012. The total Group loans as at 31 December 2012 increased by 36.5% compared to 31 December 2011 (€37,058.0 million).

Our customer deposits amounted to €53,340 million (€48,713 million in Greece and €4,627 from the international activities) as at 31 March 2013, compared to €36,971 million as at 31 December 2012. Our deposits in Greece amounted to €32,413 million as at 31 December 2012, representing 19% of the Greek deposit market. The deposits related to our international activities amounted to €4,559 million as at 31 December 2012, reflecting, in part, the acquisition of selected assets and liabilities of ATEbank, including ATE Bank Romania S.A. (which we have subsequently agreed to sell) and the ATEbank operations in Frankfurt.

Mortgage loans increased by 31.9% and amounted to €16,768 million as at 31 March 2013, compared to €12,713 million as at 31 December 2012. Consumer loans increased by 40.8% and amounted to €7,437 million as at 31 March 2013, compared to €5,281 million as at 31 December 2012.

As at 31 March 2013, loans and advances to businesses, which comprise corporate and shipping loans and loans to SMEs, amounted to €47,663 billion and represented 66% of our total loan portfolio.

As at 31 December 2012, loans from international activities amounted to €7,338 million. As at 31 December 2012, our loans and advances to businesses amounted to €32,579 million, accounting for 64% of the total portfolio, while loans to individuals amounted to €17,994 million, or 36% of the total portfolio. The balance of loans after provisions amounted to €44,613 million. The loan-to-deposit ratio of the Group improved to 121% as at 31 December 2012 (116%, excluding a seasonal loan to a community aid organisation), compared to 156% as at 31 December 2011.

The Group's NPL Ratio stood at 31% at 31 March 2013, compared to 23% as at 31 December 2012, 13.5% in December 2011 and 7.6% as at 31 December 2010.

At the end of 2012, the coverage ratio of NPLs by cumulative provisions (after fair value adjustment) was 51%, compared to 52% in 2011 and 48% in 2010. The improved coverage ratio from 2010 to 2012 is a result of the increased provisions in the context of our policy to strengthen our balance sheet in response to the economic conditions. The Group's NPL Ratio in Greece was 23% as at 31 December 2012, compared to 13.2% as at 31 December 2011 and 6.9% as at 31 December 2010. Our NPL ratio was lower than the average ratio in the Greek market, which reached 24.6% as at 31 December 2012 as compared to 16% as at 31 December 2011 and 10% as at 31 December 2010 (Source: Bank of Greece). The coverage ratio of NPLs (after fair value adjustment) at Group level as at 31 March 2013 was 50% (compared to 51% as at 31 December 2012).

Operations in Greece

As at 31 March 2013, we were the largest bank in Greece by assets, loans and deposits and are also active in other types of financial services through a number of subsidiaries in the financial sector. The table below provides information on our loans, deposits, branches and employees for our operations in Greece as at 31 December 2010, 2011 and 2012 and 31 March 2013. The data in the table below as at 31 December 2012 reflect the acquisitions of the ATEbank Acquired Business and Geniki Bank S.A., which were acquired and consolidated in 2012. The data as at 31 March 2013 further reflect the acquisition of the Cypriot Acquired Businesses, which we acquired and consolidated in the first quarter of 2013. The table below does not reflect the impact of the MBG Acquisition, which remains subject to antitrust and regulatory approvals and satisfaction of certain conditions.

	As at 31 December			As at 31 March
	2010	2011	2012	2013
Gross loans (€ in millions)	30,602	29,729	43,235	64,553
Customer deposits (€ in millions)	23,839	17,814	32,413	48,713
Branches	360	346	889	1,186
Employees	6,370	6,172	12,365	17,407

In Greece, we are among the leading providers of business lending, including banking services and loans to SMEs which have an annual turnover ranging from €2.5 to €100 million, focused mainly on medium-sized enterprises. In addition, we are one of the leading providers of banking services to individuals and one of the leading advisers in capital markets services and investment banking, financial leasing and shipping finance in Greece. Furthermore, we are among the leaders in electronic banking and in green banking and in financing agriculture through products and services adapted to our customers' needs.

Retail Banking

General

All of our retail banking activities in Greece are conducted by us through our branch network and our alternative delivery channels, such as our online banking platform, Winbank. We offer retail customers a number of different types of deposit, credit and investment products, including savings accounts, current accounts and time deposits, investment products, consumer and mortgage lending, credit cards, bancassurance products and insurance brokerage. The Acquisitions have helped us considerably expand our retail banking operations.

Our Main Distribution Channels

As at 31 March 2013, we had a network of 1,186 branches in Greece. Our Greek branch network covers all of the main urban and semi-urban locations in Greece and, with the ATEbank Acquisition, in rural and agricultural areas. Moreover, our Greek operations have working relationships with more than 1,500 banks from all over the world, offering services to our customers in domestic and cross-border transactions.

The following table presents the evolution and geographical location of our domestic branch network in the periods indicated.

	As at 31 December 2011		As at 31 December 2012		As at 31 March 2013	
Geographical area	**Branches**	**%**	**Branches**	**%**	**Branches**	**%**
Eastern Macedonia and Thrace	15	4.3%	53	6.0%	63	5.3%
Attica	141	40.8%	285	32.1%	423	35.7%
Northern Aegean Sea	6	1.7%	20	2.2%	25	2.1%
Western Greece	16	4.6%	57	6.4%	70	5.9%
Western Macedonia	9	2.6%	27	3.0%	36	3.0%
Epirus	8	2.3%	28	3.1%	37	3.1%
Thessaly	19	5.5%	51	5.7%	63	5.3%
Ionian Sea	5	1.4%	15	1.7%	23	1.9%
Central Macedonia	61	17.6%	146	16.4%	189	15.9%
Crete	20	5.8%	57	6.4%	74	6.2%
Southern Aegean Sea	14	4.0%	36	4.0%	44	3.7%
Peloponnese	17	4.9%	63	7.1%	78	6.6%
Continental Greece	15	4.3%	51	5.7%	61	5.1%
Total	**346**	**100.0%**	**889**	**100.0%**	**1,186**	**100.0%**

Source: Data processed by the Bank (unaudited).

Our ATM network in Greece as at 31 March 2013 consisted of 2,173 ATMs, of which 1,237 ATMs are located at our branches and 936 ATMs are located at other select public and commercial spots (off-site ATMs). The ATM network (which is accessible to customers through the use of debit cards) is linked to the DIAS Interbank Payment System, through which all of the interbank transactions are processed, cleared and settled in relation to retail payments through the Greek banking system including funds transfers, cheque payments, automated interbank transactions through ATMs, payroll and pension payments and others. In addition, we operate a network of 387 APSs (as at 31 December 2012) in selected branches and other service points, which enables customers and non-customers to process cash-based transactions such as bill payments, VAT payments, social security contribution payments, purchases of prepaid phone cards, cinema tickets and other retail payments.

In parallel with the traditional bank network and in line with our strategy to innovate in the delivery of our services and points of access for our customers, we offer electronic banking services through our electronic banking network, Winbank. Winbank offers a full set of services through four different distribution channels: ATMs, a call centre, mobile phones, and the internet.

We are in the process of rationalising our branch network in order to reduce costs, primarily by centralising its administrative operations.

Retail Deposit and Investment Products

We offer our retail customers a wide range of depositary and investment products in euro and other major foreign currencies. In Greece, retail deposit balances, after integrating the Geniki Acquisition and the ATEbank Acquisition, were €48.7 billion as at 31 March 2013 and €32.4 billion as at 31 December 2012.

Retail saving deposit balances in Greece decreased by 5% during 2012. During the three months ended 31 March 2013, retail savings deposit balances amounted to €48.7 billion. The difficulty of Greek banks accessing the international capital markets, the political uncertainty caused by the double elections in May and June 2012 and the intense volatility caused by the fiscal instability in Greece have contributed to the decrease in banks' liquidity and to the outflow of deposits. Deposits in the Greek banking market decreased by €50 billion over the course of 2011 and 2012, with 81% of the decrease occurring during 2011. While deposits decreased during the first half of 2012, they increased during the second half of the year due to the liquidity-generating measures adopted by the Eurosystem, which helped to restore confidence in the banking system. Our policy is to maintain customer deposits through effective management of funding costs, while seeking to expand the number of customers and the adjustment of our product portfolio to our customers' needs, in accordance with market trends.

We focus on providing innovative services to customers, such as the "Financial Check-Up" service, which advises customers on their finances and suggests appropriate products to meet their needs, and the "+Plus-Minus" term deposit, which offers customers the possibility of depositing or withdrawing money at any time at no cost. We also offer a special service for high net worth customers under the name of Piraeus Value Personal Banking, with specialised staff, upgraded services, a special debit card and an investment portfolio management service. Currently, approximately 20,000 customers take advantage of our Piraeus Value Personal Banking.

Mortgage and Consumer Credit Products

In light of the economic crisis, we have placed a greater emphasis on credit policy criteria with respect to new consumer and mortgage loans.

Our total portfolio of consumer credit products in Greece, including mortgages, consumer and personal loans, consumer goods financing, credit cards and other consumer products, amounted to €16.0 billion as at 31 December 2012 (representing 37% of the loan portfolio in Greece), compared to €8.7 billion as at 31 December 2011 and €9.1 billion as at 31 December 2010. The increase in consumer credit products for the year ended 31 December 2012 is primarily attributable to the integration of the ATEbank Acquisition.

Consumer Loans and Credit Cards

We offer a wide range of personal consumer loans and credit cards. Our consumer loan portfolio in Greece, including the corresponding portfolios of the ATEbank Acquired Business and Geniki Bank S.A., as at 31 March 2013 amounted to €6.2 billion, compared to €4.0 billion as at 31 December 2012, €2.7 billion as at 31 December 2011 and €3.0 billion as at 31 December 2010.

The following table presents the value of our portfolio of consumer and personal loans and credit cards in Greece as at 31 December 2010, 2011 and 2012 and as at 31 March 2013.

	As at 31 December			As at 31 March
(€ in millions)	**2010**	**2011**	**2012**	**2013**
Consumer/personal loans	2,203	1,973	2,911	4,783
Credit cards	774	700	1,138	1,461
Total	**2,977**	**2,674**	**4,049**	**6,244**

The adverse economic situation has had an impact on the number of credit cards in circulation, and also on the total turnover realised through such cards, leading to the further contraction of this particular market. We are one of the main credit card issuers in Greece, having placed into circulation more than 400,000 credit cards.

In 2012, our transition to "chip & pin" technology was completed, and we increased our efforts to integrate customers in our electronic banking services. Furthermore, customer loyalty plans were reinforced and more service categories were added for payments to the government.

Mortgage Lending

We offer a wide range of mortgage products, with floating, fixed or a combination of fixed and floating interest rates to finance the purchase of property, construction, repair, completion or the purchase of land or remortgaging.

As at 31 December 2012, our portfolio of mortgage loans in Greece amounted to €12.0 billion, compared to €6.0 billion as at 31 December 2011, representing an increase of 100% as a result of the integration of the ATEbank Acquired Business. As at 31 March 2013, our portfolio of mortgage loans in Greece amounted to €16.1 billion.

The following table presents the balances of our mortgage loans in Greece as at 31 December 2010, 2011 and 2012, and as at 31 March 2013.

	As at 31 December			As at 31 March
(€ in millions)	**2010**	**2011**	**2012**	**2013**
Mortgages	6,128	6,046	11,987	16,053

Bancassurance Products and Insurance Brokerage

We offer a broad range of general insurance and life insurance services and products, covering vehicle insurance, property insurance, third-party civil liability, life and health insurance plans and policies, retirement and pension plans, personal accident cover, leisure craft insurance and legal protection plans. We also engage in insurance and reinsurance brokerage activities for all types of insurance policies.

Piraeus Insurance Agency S.A. ("Piraeus Insurance Agency"), together with Piraeus Insurance and Reinsurance Brokerage S.A. ("Piraeus Insurance and Reinsurance"), provide insurance services to our customers. In 2012, our total portfolio under management amounted to €200 million, as compared to €203 million in 2011, and the total profit from insurance operations amounted to €20 million, compared to €17 million in 2011.

Through its strategic relationships with insurance companies such as ING S.A. and ERGO S.A., the bancassurance division of the Bank and the technical expertise of its staff, Piraeus Insurance Agency offers insurance products and services to meet the daily needs of its customers. The scope of its business includes standard life, health, pension and general retail (motor, property, liability and personal accident) insurance products through its branch network. In parallel, it provides training to the staff handling insurance matters at the branches, designs new products and engages in marketing activities.

Piraeus Insurance and Reinsurance operates as a broker for all types of insurance contracts. Its activities are primarily intended to cover the insurance needs of our customers as well as the needs of the Group. It also seeks to broaden our customer base by developing relationships with prospective individual or corporate clients. The organisation, experience and relationships with the main insurance companies in Greece and internationally allow us to offer full insurance cover, relatively low premia and a high quality of service.

ATE Insurance and its direct participation in ATE Insurance Romania are part of our discontinued activities.

Electronic Banking

Since 2000, Winbank, our internet banking service, has been one of the leading electronic banking services in Greece.

In 2012, Winbank ranked first in customer penetration among internet banking services in the Greek banking sector. The number of registered Winbank users increased by 14% in 2012. Winbank users accounted for 17% of the Bank's total customers in Greece as at the end of 2012, 17% as at the end of 2011 and 16% as at the end of 2010. In 2012, 74% of transfers, 80% of capital flows within the Bank and 61% of capital market operations were carried out through Winbank. At the same time, the services provided were further improved and developed, with the launch of a new capital market platform that extends electronic transactions to more than 30 selected international capital markets in Europe, America, Asia, Australia and Africa.

Users of phone banking increased in 2012 by 24% (compared to 2011), while monetary phone orders increased by 20%. Mobile banking transactions also increased considerably in 2012 by 190% (compared to 2011), with a 64% increase of active users of the service in 2012. Our "Instant Cash" service, which allows customers to send cash through a web/phone/mobile/ATM application and receive it at an ATM, without a card, is used by an increasing number of customers. The volume of "Instant Cash" transactions increased by 34% in 2012, compared to 2011, and the value of these transactions exceeded €10 million for the first time.

Green Business and Green Banking Products

We actively support all of the key sectors of "green entrepreneurship" in response to challenges and requirements relating to climate change. Since 2006, we offer specially designed "green banking" products to support various areas of the environmental and renewable energy business sectors. As at 31 March 2013, we had approved credit limits of €1.4 billion and had loan balances of €914 million in relation to these business sectors.

Agricultural Banking

The ATEbank Acquisition gives us direct access to banking networks in rural and agricultural areas, which is a growing segment of the Greek banking market. Given the recession or stagnation in other economic activities, the financing of agricultural activities may become a significant growth area for our operations.

As part of our contribution to support and develop agriculture, we approved financing to OPEKEPE, a community organisation. The purpose of this financing is the timely payment of community aid granted by the European Union to Greek farmers. On 18 December 2012, we successfully completed the disbursement of community aid for 2012 to 700,000 Greek farmers, by way of seasonal loans, totalling €2.1 billion, which was paid back in February 2013. We believe this financing has introduced liquidity to the market in a critical period for the Greek economy. In addition, in the fall of 2012, we reached an agreement with the Ministry of Rural Development to create a new financing tool to reinforce liquidity and to promote the implementation of certain agricultural investment projects for a total amount of €700 million.

Commercial and Corporate Banking in Greece

General

In Greece, we have historically held a strong position in providing financing services to businesses active in all sectors of the economy. As a Group, we are able to offer our corporate clients a wide range of products and services, including financial and investment advisory services, deposit accounts, loans (denominated in both euro and other currencies), foreign exchange, insurance products, custody arrangements and trade finance services.

Corporate Deposits

Corporate deposit balances in Greece were €6.3 billion as at 31 December 2012 and €3.3 billion as at 31 December 2011. Domestic economic and political developments in 2012 affected corporate deposits, and this resulted in significant fluctuations throughout the year. Total corporate deposits in Greece decreased in 2012 by €2.4 billion, consisting of a €5.7 billion decrease in the first half of the year, offset by an increase of €3.2 billion in the second half of the year.

Loans and Advances to Businesses

We are well positioned in business financing, maintaining significant diversity in all sectors of the economy, with an emphasis on SMEs. We offer corporate accounts with overdraft facilities, foreign currency loans, variable rate loans and currency swaps and options for corporate customers.

Our commercial lending is primarily in the form of credit lines, which are generally at variable rates of interest. In addition, we provide letters of credit and guarantees for our clients. We lend to all corporate sectors, with particular emphasis on trade, industry, construction, tourism and shipping.

Total loans and advances to businesses in Greece amounted to €27.2 billion as at 31 December 2012. As at 31 December 2012, loans to large enterprises amounted to €9.6 billion and loans to SMEs amounted to €17.6 billion. Our loan portfolio to businesses in Greece amounted to €47.7 billion at 31 March 2013 (including loans to SMEs).

The table below provides information on our total corporate loan portfolio in Greece and our international operations as at 31 December 2010, 2011 and 2012 and 31 March 2013:

	As at 31 December			As at 31 March
(€ in millions)	**2010**	**2011**	**2012**	**2013**
Large corporations—Shipping	9,544	8,705	11,136	n/a
SMEs	18,121	17,621	21,443	n/a
Total	**27,666**	**26,326**	**32,579**	**47,663**

The table below shows the evolution of corporate loans in Greece as at 31 December for financial years 2010-2012.

(€ in millions)	As at 31 December 2010	2011	2012	As at 31 March 2013
Large corporations—Shipping	7,724	7,583	9,609	n/a
SMEs	13,773	13,425	17,590	n/a
Total	**21,497**	**21,009**	**27,199**	**42,256**

Corporate Banking

As at 31 December 2012, our large corporation portfolio in Greece had reached €9.6 billion.

The scope of our activities includes providing banking services, loans for complex transactions, project finance, real estate finance, and advisory services in connection with debt restructuring and large infrastructure projects (infrastructure advisory).

We have been involved in financing Greek infrastructure projects, including the Maliakos-Kleidi Motorway project, the Central Greece Motorway project and a €320 million combined-cycle thermal power plant.

Shipping Finance

We have traditionally provided financing for many of the largest Greek shipping companies. We provide assistance to our customers in the implementation of their business plans, and we continue to engage in prudent risk management for the benefit of our shareholders and customers. Services provided through shipping finance mostly relate to financing the purchase or building of ships, financing the operating needs of shipping companies and issuing letters of guarantee.

Our loan portfolio mostly relates to the financing of sea-going ships and amounted as at the end of 2012 to €1.4 billion, the same amount as in 2011.

SMEs

The provision of banking products and services to SMEs, which we have been serving consistently for almost two decades, has been the principal focus of our corporate and commercial banking activities. Our Small Business and Professionals Unit covers customers with an annual turnover of up to €2.5 million, while our specialist Medium Corporate Division covers medium-sized businesses with an annual turnover between €2.5 million and €100 million.

Our activities in this segment of the market offer us opportunities to promote new products and services.

Through the specialised Small Businesses and Professionals Unit, we have established a presence in the banking market for small businesses and professionals with an annual turnover of up to €2.5 million and manage a number of development programmes (guaranteed and co-financed). In December 2012, the Bank signed a partnership agreement with the European Investment Bank (the "EIB"), for an initial amount of €50 million, to finance SMEs operating in Greece. This loan represents the first tranche of a series of loans that will be granted by the EIB, amounting in total to €200 million, to provide liquidity to enterprises, develop innovative entrepreneurship, and create new jobs.

Investment Banking and Brokerage Related Activities

We have a significant presence in the capital markets of Greece and have acquired a large share of the securities underwriting market. We are one of the leading advisory institutions on initial public offerings ("IPOs") and among the major underwriters in the Greek market. We have also developed a strong presence in the areas of syndicated loan arrangements and bond issuances and offer consulting services for capital restructuring, company valuation, mergers and acquisitions and special financing for corporate clients.

We and certain of our subsidiaries offer a wide range of capital markets and advisory services, including corporate finance advisory services, underwriting, equity and debt financing, stock brokerage, custodian services and wealth management. We are also active in derivatives transactions in all major international capital markets.

Investment Banking Activities

In recent years, we have maintained one of the leading market shares in capital markets activities in Greece, particularly with regard to public offerings. We provide underwriting and advisory services, across all capital markets products, including IPOs and exchange listings, capital increases and other types of capital markets transactions. Regarding the provision of advisory services, we continued participating in 2012 in privatisations and denationalisations, acquisitions, mergers and share capital increases.

In addition, we continued playing an important role in offering financial advisory services as part of implementing the Greek government privatisation programme. We offered financial advisory services on the privatisation of Piraeus Port Authority S.A. and of Thessaloniki Port Authority S.A., as well as on the privatisation of 10 other ports. We also provided financial advisory services with respect to developing the area of the former airport of Athens (Elliniko), the sale and lease-back of Greek government properties, as well as the exploitation of selected Greek government properties, including, amongst others, the property in the area of Afantos in Rhodes and Astir Palace in Vouliagmeni.

During 2012, we acted as the financial adviser to the Greek Organisation of Football Prognostics S.A. ("OPAP"). OPAP was the leader of the consortium that was granted the exclusive right to produce, operate and market the Greek state lotteries for 12 years.

We also completed and delivered to Piraeus Port Authority S.A. sustainability and feasibility studies regarding the project of expanding the port.

Brokerage Activities

Piraeus Securities S.A. is our brokerage arm and, upon its establishment in 1990, was one of the first securities firms to become a member of the ATHEX. The main activities of Piraeus Securities S.A. include intermediation services for the purchase and sale of Greek and foreign shares, derivative products and government and corporate bonds and margin accounts. We also offer a wide range of investment services to our customers through our network. In the area of derivatives, Piraeus Securities S.A. was the first stock-brokering company to operate in Greece. Piraeus Securities S.A.'s network involved in stock exchange operations includes two branches (Thessaloniki and Patras) and 18 associated brokerage offices. It also cooperates with most Greek and foreign institutional investors operating in Greece.

Custodian Services

We offer custodian services to our foreign and domestic institutional clients who hold securities listed on the ATHEX. We offer trade settlements, the safekeeping of securities, corporate action processing, income collection, proxy voting, tax reclamation, brokerage services, customised reporting, regular market flashes and information services. We are a general clearing member in the derivatives market of HELEX and our service range includes dividend payments, corporate actions and underwriting services for listed companies. We also act as global custodian to our domestic institutional clients who invest in securities outside Greece.

Despite the financial crisis and increased competition, the successful marketing of our custodian services and products has led to the increase of our institutional client base, the attraction of new institutional clients and the processing of a large number of transactions. In 2011 and 2012, we continued to offer and support all of the products available in the Greek capital markets including fixed income, equity and derivatives. We also offered our services to clients internationally, with an increasing balance of portfolios, supporting all types of institutional clients and our international subsidiary bank network.

Fund Transfers—Payment Services

Electronic payments increased by 18% in 2012, compared to 2011, which shows an increasing preference among our customers for conducting transactions electronically.

The Bank was the first bank in Greece to harmonise its infrastructure and practices to the EU Payments Services Directive. Moreover, we continued the integration of our subsidiaries into our Group-wide IT platform relating to the processing of payments, with the aim of creating a common product and technological platform in the field of payment services that is available in all geographical locations but is also adapted to local transactional practices.

In 2012, the Bank reaffirmed its strong market position in relation to fund transfers and payments, its commitment to further growth and improvement of its services in this area and its position as a significant, modern and active operator in the area of payment systems and fund transfers in Greece and internationally.

The high quality of the payment services we provide was recognised in 2012, as well as in previous years, by numerous international quality awards and the confidence of our customers which led to an increase in the volume of payment operations by 5% in 2012 despite difficult economic conditions.

Mutual Funds

Piraeus Asset Management Mutual Funds S.A. (''Piraeus Mutual Funds'') is the Bank's investment arm, responsible for the management of mutual funds of institutional investors.

Piraeus Mutual Funds collaborates with international finance companies, such as Goldman Sachs Asset Management International, JP Morgan Asset Management, Pioneer Asset Management, ING Luxembourg and Pictet Funds Luxembourg.

We manage or represent 303 mutual funds. Their total assets amounted to €0.3 billion as at 31 December 2012, substantially the same as the amount of total assets of such funds as at 31 December 2011.

At the same time, through the ATEbank Acquisition, we also acquired the entire share capital of ATE Management of Mutual Funds S.A. The company managed 11 mutual funds in both 2011 and 2012. The total assets of these mutual funds as at 31 December 2012 amounted to €0.15 billion, substantially the same as the amount of total assets of such funds as at 31 December 2011.

In April 2013, we agreed to purchase the mutual fund distribution business of Cyprus Popular Bank.

Wealth Management

Through our wealth management professionals we provide high net worth clients with specialised services and a wide range of tailor-made deposit products, investment products and estate and tax planning. Piraeus Wealth Management S.A. is a subsidiary of Piraeus Bank and of BNP Wealth Management. Combining our specialisation in Greece with the international know-how of BNP Wealth Management, Piraeus Wealth Management S.A. gives customers access to world-class wealth management services, both in Greece and abroad.

Funds under management amounted to €0.3 billion as at 31 December 2012.

Venture Capital and Private Equity

Our Venture Capital and Private Equity unit, together with our subsidiary Piraeus Equity Partners, has made investments in companies and projects in the technology, renewable energy and export production sectors in Greece.

Treasury Activities

Our Treasury segment is active across a broad spectrum of capital markets products and operations, including bonds and securities, interbank placements in the international money and foreign exchange markets and market-traded and over-the-counter financial derivatives. Our Treasury segment's client base includes institutional investors, large corporations, insurance funds and large private sector investors. We also trade actively on a proprietary basis, primarily in euro-denominated Greek government securities. We are also active in the primary and secondary trading of Greek government securities, as well as in the international Eurobond market.

Other Financial and Related Services

We also offer a wide range of other financial and related services, including leasing, factoring, development and management of designated industrial zones (as defined below) and real estate development and management, as set out below.

Leasing

We conduct leasing activities through our subsidiary, Piraeus Leasing S.A. ("Piraeus Leasing"). Piraeus Leasing engages in financial leasing of immovable property, machinery, professional vehicles and other types of assets. In 2012, new operations amounted to €28 million, compared to €50 million in 2011, while leased assets amounted to €945 million as at 31 December 2012, an 8% decrease from 31 December 2011.

Factoring

We have been offering factoring services since 1998, including domestic factoring services such as debt collection, management and account monitoring and advancing funds for companies' outstanding claims. Internationally, we offer export credit, credit risk coverage, monitoring services, management and debt collection services. Factoring services are provided through our wholly owned subsidiary Piraeus Factoring S.A.

We are currently integrating the portfolio of the ATEbank Acquired Business, which is primarily active in export factoring.

Industrial Zones

Our subsidiary ETVA is engaged in the establishment, operation and administration of organised areas for the establishment of businesses ("industrial zones"), the pursuit of sources of financing and the provision of funds for the creation or improvement of the necessary infrastructure. It currently manages 26 industrial parks in Greece, where approximately 2,300 enterprises are established that employ over 30,000 employees.

The Ministry of Development, Competitiveness, Infrastructure, Transportation and Networks owns a 35% of the share capital of ETVA.

Real Estate Management and Development

We engage in real estate development and management activities through Picar S.A. ("Picar") and Piraeus Real Estate S.A. ("Piraeus Real Estate"). Picar has undertaken to use and operate, until 2052, the Citylink, an approximately 65,000-square-metre retail, office and leisure complex. Picar also has an ownership stake in North Landmark S.A., which is active in managing and operating the multi-brand store Attica Golden and has concluded important partnerships with famous fashion designers and cosmetics and accessories brands. Picar also has an ownership stake in Stores of Northern Greece S.A., which opened a similar multi-brand store in Thessaloniki in 2012.

Piraeus Real Estate provides a full range of real estate development project management and administration services, integrated real estate management on behalf of owners and investors, property valuations and investment consulting services to real estate investment companies and funds in Greece and internationally. In 2012, Piraeus Real Estate managed the construction of projects both inside and outside Greece with a total budget of €164 million, performed valuations of property with a total estimated value of €3.9 billion, provided financial and technical consultant services amounting to €1.5 million and continued the management of five major commercial and recreation developments in which we have non-controlling equity participation. In collaboration with Piraeus Bank S.A., Piraeus Real Estate Investment Company S.A. implements the agreement concluded with the EIB in February 2012 to manage the Urban Development Funds of the JESSICA programme in the Regions of Central Macedonia and Thessaly (management of funds amounting to approximately €40 million from EU Structural Funds, plus co-financing amounting to €16.8 million from Piraeus Bank).

Piraeus Real Estate Investment Company S.A., in collaboration with Piraeus Bank S.A. and other companies, has continued implementing agreements with the Hellenic Republic Asset Development Fund S.A. for the provision of financial advisory services on matters pertaining to the development of public real estate and privatisations.

International Operations

We operate in nine countries other than Greece (of which five are members of the European Union).

Our international banking operations include a wide range of traditional commercial banking services, such as extensions of commercial and retail credit, trade financing, foreign exchange and the taking of deposits. Our significant number of foreign subsidiaries offering specialised services in the wider financial sector, such as leasing, real estate, insurance and investment services considerably enlarges our customer base and helps us provide a wide range of financial products and services.

In 2012, we chose to exit the U.S. market and sold our shareholding in Marathon Banking Corporation in New York to Investors Bancorp Inc. for US$133 million in cash, representing 1.5 times Marathon's tangible book value. The transaction was completed by the end of September 2012.

As at 31 March 2013, our international network included 444 bank branches, offering traditional banking services, as well as non-banking financial products and services, and 713 ATMs (as at 31 December 2012). Eight subsidiary commercial banks currently operate in seven countries: Tirana Bank I.B.C. in Albania, Piraeus Bank Romania S.A. and ATEbank Romania S.A. in Romania, Piraeus Bank Egypt S.A.E. in Egypt, Piraeus Bank Bulgaria A.D. in Bulgaria, Piraeus Bank Beograd A.D. in Serbia, JSC Piraeus Bank I.C.B. in Ukraine, Piraeus Bank (Cyprus) Ltd in Cyprus, while Piraeus Bank S.A. also operates one branch in London and one branch in Frankfurt. We have subsequently entered into an agreement to dispose of ATE Bank Romania S.A., which is subject to receiving the necessary regulatory approvals.

Profits before taxes and provisions generated by our international operations in 2012 amounted to €247.2 million, slightly less than in 2011 (€269.6 million). However, adverse economic conditions resulted in us taking increased provisions in our loan portfolio. Therefore, we incurred a loss attributable to shareholders (net of taxes) of €47.3 million, with respect to our international operations, in 2012.

Our cost-to-income ratio, a measure of the efficiency of our international operations, in the three months ended 31 March 2013 was 51.1%, compared to 52.4% in 2012 and 49.4% in 2011, while our ratio of profit before provisions and taxes to average of loans before provisions reached 3.2% in the three months ended 31 March 2013, compared to 3.3% in 2012 and 3.5% in 2011.

As at 31 December 2012, the total balance of our loan portfolio originating from our international operations amounted to €7,338.5 million, while deposits amounted to €4,558.6 million, following the integration of the ATEbank Acquired Business and its operations in Romania and Germany. As at 31 March 2013, the total balance of our loan portfolio originating from our international operations amounted to €7,314.9 million, while deposits amounted to €4,626.8 million.

As at 31 December 2012, our international activities accounted for 12% of our assets and 34% of both our network of branches and human resources. As at 31 March 2013, our international activities accounted for 13% of our assets and 27% of our network of branches and 26% of our employees.

The table below provides information on our loans, deposits, branches and employees for our international operations as at 31 December 2010, 2011 and 2012 and 31 March 2013:

	As at 31 December			As at 31 March
	2010	2011	2012	2013
Loans (€ in millions)	8,469.4	7,329.5	7,338.5	7,314.9
Deposits (€ in millions)	5,636.3	3,981.4	4,558.6	4,626.8
Branches[1]	522	486	449	444
Employees[1]	6,947	6,476	6,232	6,167

(1) In 2011, the number of branches and employees includes 48 branches and 1,559 employees, respectively, relating to our activities in Egypt which were qualified as discontinued in 2011 in view of an impending sale of our operations in Egypt, and were then resumed in 2012 when the sale process was discontinued. However, it does not include the 13 branches and 158 employees of Marathon Banking Corporation in New York, the operations of which we sold in 2012.

Albania

Our Albanian subsidiary, Tirana Bank IBC S.A., was established in 1996 and was the first privately owned bank in Albania. As at 31 December 2012, Tirana Bank IBC S.A. had 56 branches and was the fourth largest bank in the country in terms of loans.

In spite of the deterioration of the economic climate in Albania, Tirana Bank has succeeded in increasing its deposit base by €18.8 million, continuing its operation as an independent unit not financed by the Bank.

As at 31 March 2013, customer deposits increased by 3% to €538 million from €522 million as at 31 December 2012, whereas loans before provisions decreased by 2% to €406 million from €414 million as at 31 December 2012.

As at 31 December 2012, customer deposits increased by 4% to €522.0 million from €503.1 million as at 31 December 2011 and €501.4 million as at 31 December 2010. Loans before provisions amounted to €413.9 million as at 31 December 2012, a 5% decrease compared to 31 December 2011 (€435.4 million), while in 2010 they amounted to €469.1 million.

Apart from banking operations, Tirana Leasing, a financial leasing subsidiary, has also been operating in Albania since 2004.

The table below provides information on our operations in Albania as at 31 December 2010, 2011 and 2012 and 31 March 2013:

	As at 31 December			As at 31 March
	2010	2011	2012	2013
Total assets (€ in millions)	670	690	713	708
Loans and claims against customers (before provisions) (€ in millions)	469	435	414	407
Deposits (€ in millions)	501	503	522	538
Branches	56	56	56	56
Employees	487	478	474	468
NPL ratio[1]	7.6%	11.7%	31.7%	34.3%
Coverage ratio[2]	53%	53%	29%	29%

(1) Loans in arrears for more than 90 days based on IFRS 7 and impaired loans in arrears for more than 90 days/total loans before provisions of the same date.

(2) Accrued provisions/loans in arrears for more than 90 days based on IFRS 7 and impaired loans in arrears for more than 90 days of the same date.

Romania

Piraeus Bank Romania S.A. has been active in Romania since 2000 and currently has a network of 167 branches (as at 31 March 2013). It was established to provide banking services to Greek enterprises operating in Romania, but it quickly extended its services to local enterprises and households as well.

In 2012, Piraeus Bank Romania focused on maintaining the quality of its loan portfolio and on attracting deposits, on reducing expenses and improving operating performance and on restructuring its network by closing 34 branches, while nine other branches had been closed in 2010 and 2011.

Upon our integration ATEbank in July 2012, the activities of ATE Bank Romania S.A. were also transferred to the Group. On 18 April 2013, we entered into an agreement to dispose of our interest in ATE Bank Romania S.A., which is subject to receiving the necessary regulatory approvals.

As at 31 March 2013, customer deposits amounted to €952 million, compared to €896 million as at 31 December 2012, whereas loans before provisions as at 31 March 2013, amounted to €3,033 million compared to €3,051.6 as at 31 December 2012.

As at 31 December 2012, customer deposits amounted to €896.5 million, compared to €915.3 million as at 31 December 2011 and €1,164.4 million as at 31 December 2010. The Group's loans before provisions in Romania amounted as at 31 December 2012 to €3,051.6 million, compared to €3,001.9 million as at 31 December 2011 and €3,198.2 million as at 31 December 2010.

In Romania, the Group also provides financial leasing and insurance services through Piraeus Leasing Romania S.R.L. and Piraeus Insurance Reinsurance Brokerage Romania S.R.L., respectively.

The table below provides information on our operations in Romania as at 31 December 2010, 2011 and 2012 and 31 March 2013.

	As at 31 December			As at 31 March
	2010	2011	2012	2013
Total assets (€ in millions)	3,944	3,504	3,402	3,441
Loans and claims against customers (before provisions) (€ in millions)	3,198	3,002	3,052	3,033
Deposits (€ in millions)	1,164	915	897	952
Branches	187	178	167	167
Employees	1,981	1,870	1,935	1,893
NPL ratio[1]	10.8%	18.1%	27.9%	31.8%
Coverage ratio[2]	76%	60%	60%	54%

(1) Loans in arrears for more than 90 days based on IFRS 7 and impaired loans in arrears for more than 90 days/total loans before provisions of the same date.

(2) Accrued provisions/loans in arrears for more than 90 days based on IFRS 7 and impaired loans in arrears for more than 90 days of the same date.

Bulgaria

Our Bulgarian subsidiary, Piraeus Bank Bulgaria A.D., began its operations in 1993 and was the first foreign bank in Bulgaria. It has 83 branches as at 31 March 2012.

As at 31 March 2013, customer deposits amounted to €785 million, as compared to €748 million as at 31 December 2012, whereas loans before provisions amounted as at 31 March 2013 to €1,423 million compared to €1,467 million as at 31 December 2012.

The table below provides information on our operations in Bulgaria as at 31 December 2010, 2011 and 2012 and 31 March 2013:

	As at 31 December			As at 31 March
	2010	2011	2012	2013
Total assets (€ in millions)	2,182	1,717	1,653	1,637
Loans and claims against customers (before provisions) (€ in millions)	1,711	1,547	1,467	1,423
Deposits (€ in millions)	676	653	748	785
Branches	101	100	83	83
Employees	981	947	908	926
NPL ratio[1]	6.4%	11.7%	22.2%	23.4%
Coverage ratio[2]	61%	50%	39%	36%

(1) Loans in arrears for more than 90 days based on IFRS 7 and impaired loans in arrears for more than 90 days/total loans before provisions of the same date.

(2) Accrued provisions/loans in arrears for more than 90 days based on IFRS 7 and impaired loans in arrears for more than 90 days of the same date.

Serbia

Our Serbian subsidiary, Piraeus Bank Beograd AD, has been part of the Group since 2005, had 42 branches as at 31 March 2013 and offers a wide range of banking services to individuals and enterprises. In 2012, the Bank focused on expanding its depositor base, improving the quality of the services offered and providing products tailored to the Serbian market.

As at 31 March 2013, customer deposits amounted to €292 million, compared to €307 million as at 31 December 2012, whereas loans before provisions amounted as at 31 March 2013 to €582 million, compared to €595 million as at 31 December 2012.

The table below provides information on the operations of the Group in Serbia as at 31 December 2010, 2011, 2012 and as at 31 March 2013:

	As at 31 December			As at 31 March
	2010	2011	2012	2013
Total assets (before provisions) (€ in millions)	751	694	719	694
Loans and claims against customers (€ in millions)	597	576	595	582
Deposits (€ in millions)	212	252	307	292
Branches	47	44	42	42
Employees	569	565	566	559
NPL ratio[1]	11.3%	14.9%	16.3%	15.9%
Coverage ratio[2]	65%	61%	62%	60%

(1) Loans in arrears for more than 90 days based on IFRS 7 and impaired loans in arrears for more than 90 days/total loans before provisions of the same date.

(2) Accrued provisions/loans in arrears for more than 90 days based on IFRS 7 and impaired loans in arrears for more than 90 days of the same date.

Ukraine

We have been active in Ukraine since the end of 2007, when we acquired ICB Bank, which was later renamed JSC Piraeus Bank ICB. It had 38 branches as at 31 March 2013. Recently, Banker magazine awarded JSC Piraeus Bank the prize for the bank with the most developed use of technology in the GUAM (Georgia, Ukraine, Azerbaijan and Moldova) region.

Despite the Ukrainian economy's positive growth rate in 2012, the economic and political instability prevailing in the country in recent years continue to affect the economy. Our operations in Ukraine focus on expanding our customer base, mainly through e-banking, reducing operating costs and systematically managing the quality of the loan portfolio.

The table below provides information on JSC Piraeus Bank ICB's operations as at 31 December 2010, 2011 and 2012 and 31 March 2013:

	As at 31 December			As at 31 March
	2010	2011	2012	2013
Total assets (before provisions) (€ in millions)	323	358	328	333
Loans and claims against customers (€ in millions)	254	302	271	273
Deposits (€ in millions)	123	107	96	105
Branches	54	45	38	38
Employees	753	708	597	604
NPL ratio[1]	50.5%	41.5%	50.5%	50.4%
Coverage ratio[2]	53%	67%	64%	67.1%

(1) Loans in arrears for more than 90 days based on IFRS 7 and impaired loans in arrears for more than 90 days/total loans before provisions of the same date.

(2) Accrued provisions/loans in arrears for more than 90 days based on IFRS 7 and impaired loans in arrears for more than 90 days of the same date.

Cyprus

The Group entered the Cypriot banking sector in 2008, when it acquired the branch network of Arab Bank. Arab Bank was renamed Piraeus Bank Cyprus Ltd. As at 31 March 2013, it had 14 branches.

As at 31 December 2012, our total exposure to Cyprus accounted for 2.0% of our total assets. Our exposure in Cyprus includes (a) the assets of our wholly owned subsidiary, Piraeus Bank Cyprus, (b) loans amounting to approximately €0.3 billion and (c) an investment in a Bank of Cyprus London bond amounting to €2.2 million. Additionally, as at 31 December 2012, we had contingent liabilities amounting to €0.1 billion. The net income of our activities in Cyprus for the year ended 31 December 2012 accounted for 1.4% of our total net income.

In June 2012, the government of Cyprus applied for financial assistance from the Troika. As economic conditions in Cyprus deteriorated, the government of Cyprus ordered all banking institutions in Cyprus to temporarily close from and including 15 March 2013 to 27 March 2013, to avoid a run on deposits held in the country's banks, and entered into intensive negotiations with the Troika. On 25 March 2013, the government of Cyprus and the Troika reached a provisional agreement regarding the provision of a €10 billion loan and related finance package to Cyprus, the loan and finance package being conditional on Cyprus implementing a comprehensive economic adjustment programme (the "Cyprus Economic Adjustment Programme"). The Cyprus Economic Adjustment Programme will include a scheme for the reorganisation of the Cypriot banking system that will result in the Cyprus Popular Bank Public Co. Ltd., or the Cyprus Popular Bank, Cyprus's second largest bank, being subject to recovery measures, with deposit holders with credit balances in excess of €100,000 suffering significant or total losses. Deposit holders with credit balances in excess of €100,000 held with the Bank of Cyprus plc are also sharing the burden by exchanging part of their deposits for shares as part of the recapitalisation programme. As a part of the implementation of the Cyprus Economic Adjustment Programme, temporary restrictions on bank transfers and withdrawals from banking institutions in Cyprus have been imposed. In addition, the government of Cyprus and the Troika have reached an agreement on a Memorandum of Understanding, which is subject to ratification by the national parliaments of the member states of the Eurogroup, pursuant to which the government of Cyprus has passed legislation for the increase of the income tax rate from 10% to 12.5% and an increase in the rate of the special defence contribution tax from 15% to 30%.

The measures implemented to date have not had, and are not expected to have, a material effect on our operations in Cyprus. Further disruption to the Cyprus banking system, or additional changes to implement the Cyprus Economic Adjustment Programme, are possible and we cannot be certain that such disruptions or changes will not adversely affect our financial condition.

The table below provides information on the operations of Piraeus Bank Cyprus Ltd. in Cyprus as at 31 December 2010, 2011 and 2012 and 31 March 2013:

	As at 31 December			As at 31 March
	2010	2011	2012	2013
Total assets (€ in millions)	1,629	1,457	1,278	1,307
Loans and claims against customers (before provisions) (€ in millions)	755	852	856	854
Deposits (€ in millions)	1,023	920	1,069	1,104
Branches	15	14	14	14
Employees	337	333	323	311
NPL ratio[1]	3.9%	6.8%	14.7%	20.7%
Coverage ratio[2]	63%	41%	43%	34%

(1) Loans in arrears for more than 90 days based on IFRS 7 and impaired loans in arrears for more than 90 days/total loans before provisions of the same date.

(2) Accrued provisions/loans in arrears for more than 90 days based on IFRS 7 and impaired loans in arrears for more than 90 days of the same date.

Egypt

We have been active in Egypt since 2005 when we acquired Egyptian Commercial Bank, which was renamed Piraeus Bank Egypt S.A.E. It had a network of 42 branches as at 31 March 2013. Piraeus Egypt Leasing Co, Piraeus Insurance Brokerage Egypt (which offers insurance services) and Piraeus Egypt Asset Management are also active in Egypt. The table below provides information on our Group operations in Egypt as at 31 December 2010, 2011, 2012 and as at 31 March 2013:

	As at 31 December			As at 31 March
	2010	2011	2012	2013
Total assets (€ in millions)	1,730	1,157	935	949
Loans and claims against customers (before provisions) (€ in millions)	853	581	518	581
Deposits (€ in millions)	1,320	930	794	741
Branches	48	48	47	42
Employees	1,683	1,559	1,397	1,374
NPL ratio[1]	12.2%	21.1%	23.9%	20.3%
Coverage ratio[2]	68%	72%	73%	74%

(1) Loans in arrears for more than 90 days based on IFRS 7 and impaired loans in arrears for more than 90 days/total loans before provisions of the same date.

(2) Accrued provisions/loans in arrears for more than 90 days based on IFRS 7 and impaired loans in arrears for more than 90 days of the same date.

United Kingdom

We have been active and present in London since 1999. Our London branch's activities include our expansion into international financing through a team of specialised executives with access to global markets and the provision of mortgage loans to Greek citizens who live in the United Kingdom, as well as other residents of the United Kingdom, who seek to acquire real property locally, in Greece or any other country where the we are active. Our London branch also offers deposit products combined with personal banking services and is our organisation base in terms of raising funds (senior, subordinated debt, hybrid funds and securitisations) from the European and global markets. The table below provides information on our London operations as at 31 December 2010, 2011, 2012 and 31 March 2013.

	As at 31 December			As at 31 March
	2010	2011	2012	2013
Total assets (€ in millions)	333	230	194	187
Loans and claims against customers (before provisions) (€ in millions)	237	182	143	139
Deposits (€ in millions)	72	40	21	21
Branches	1	1	1	1
Employees	18	16	18	18
NPL ratio[1]	4.3%	10.9%	12.6%	12.5%
Coverage ratio[2]	58%	42%	36%	37%

(1) Loans in arrears for more than 90 days based on IFRS 7 and impaired loans in arrears for more than 90 days/total loans before provisions of the same date.

(2) Accrued provisions/loans in arrears for more than 90 days based on IFRS 7 and impaired loans in arrears for more than 90 days of the same date.

Germany

Upon completion of the ATEbank Acquisition, ATEbank's branch in Frankfurt was also transferred to us. ATEbank entered the German market in 1985 and, following restructuring of its network, maintained a branch providing lending and deposit services and trade finance. This branch is the only branch of a Greek bank in Germany, and it is regulated by the German regulatory authorities as an autonomous business unit. Furthermore, it offers internet banking services and is connected online with accounts kept at the branches of the former ATEbank. The branch offers advisory services on the quality of suppliers and customers in Greece and in Germany, trade finance and payment

services, as well as deposit products and lending services, combining the advantages of the German market with the ease of processing transactions from both Germany and Greece.

The table below provides information on our Frankfurt operations as at 31 December 2010, 2011 and 2012 and as at 31 March 2013.

	As at 31 December			As at 31 March
	2010	2011	2012	2013
Total assets (€ in millions)	—	—	141	121
Loans and claims against customers (before provisions) (€ in millions)	—	—	23	22
Deposits (€ in millions)	—	—	105	89
Branches	—	—	1	1
Employees	—	—	14	14
NPL ratio[1]	—	—	6.5%	9.6%
Coverage ratio[2]	—	—	113%	13%

Source: Non-audited data, as provided by the Bank.

(1) Loans in arrears for more than 90 days based on IFRS 7 and impaired loans in arrears for more than 90 days/total loans before provisions of the same date.

(2) Accrued provisions/loans in arrears for more than 90 days based on IFRS 7 and impaired loans in arrears for more than 90 days of the same date.

Foreign branches

The table below provides the number of our foreign branches as at 31 December 2010, 2011 and 2012 and as at 31 March 2013:

	As at 31 December			As at 31 March
	2010	2011	2012	2013
Piraeus Bank				
—United Kingdom	1	1	1	1
—Germany	—	—	1	1
Piraeus Bank Group				
—Albania	56	56	56	56
—Romania	187	178	167	167
—Bulgaria	101	100	83	83
—Serbia	47	44	42	42
—Ukraine	54	45	38	38
—Cyprus	15	14	14	14
—Egypt	48	48	47	42
Piraeus Bank Group international branches	**508**	**485**	**447**	**442**
Total international	**509**	**486**	**449**	**444**
Discontinued activities (USA)[1]	13	13	—	—

(1) We sold our entire shareholding in Marathon Banking Corporation in 2012; thus, the corresponding activities appear as discontinued.

Organisational Structure

The Greek financial services sector is today characterised by a group of specialised companies established around a principal bank. We are a principal bank and remain the parent company with direct or indirect control over all of the operating subsidiaries within our Group. We are a complex group with many shareholdings, subsidiaries, affiliates, undertakings and minority holdings. See Note 27 of our audited annual financial statements for the year ended 31 December 2012 for a list of our investments in subsidiaries and associate companies, which we define as all entities over which our Group has significant influence.

Intangible Assets

Goodwill, software programmes and other intangible assets are included in the intangible assets of the Group.

Property, Plant and Equipment

We own approximately 2,831 properties (as at 31 March 2013) valued at €1,800 million. These properties are either used by us or other entities in our Group or held for value and include 1,064 bare plots of land and 1,767 properties with buildings.

Of the total 2,831 properties, the 10 properties with the highest value are the following:

1. City Link (shopping centre): €431 million.
2. Cyprus, Nicosia (investment property lot): €82 million.
3. Athens, 170 Alexandras Avenue (central services building): €38 million.
4. Athens, 23 Panepistimiou Street (central services building): €36 million.
5. Patras (investment real estate): €33 million.
6. Athens, 109-111 Mesogeiou Street (central services building): €28 million.
7. Egypt (investment property lot): €26 million.
8. Nea Erythraia, Attica (educational centre building facilities): €24 million.
9. Thessaloniki, 5-7 Ethnikis Amynis Street (central services building): €22 million.
10. Cyprus, Nicosia (central services building): €22 million.

The list above does not include held-for-sale assets (45 properties worth a total of €18.5 million) and reserves (1,140 properties worth a total of €340.5 million). According to IFRS and our accounting policy, the reasonable value of our real estate investments is estimated by independent assessors, while the properties for our own use are valued at the historical cost minus accumulated depreciations and cumulative impairments.

No liens were imposed on our real estate property as at 31 March 2013.

Employees

The table below sets out the number of our employees as at 31 December 2010, 2011 and 2012 and as at 31 March 2013. The data in the table below as at 31 December 2012 include the employees who joined the Group in connection with the ATEbank and Geniki Acquisitions, while the data as at 31 March 2013 also include the employees who joined the Group in connection with the Cypriot Acquisitions. MBG's employees are not included in this table because the MBG Acquisition remains subject to antitrust and regulatory approvals and satisfaction of certain conditions.

	As at 31 December			As at 31 March
	2010	2011	2012	2013
Branches	2,486	2,319	5,889	8,542
Administration	2,385	2,359	3,772	6,150
Total Piraeus Bank	**4,871**	**4,678**	**9,661**	**14,692**
Subsidiaries	8,289	7,970	8,936	8,882
Total Piraeus Bank Group[(1)]	**13,160**	**12,648**	**18,597**	**23,574**

(1) These figures do not include personnel relating to activities that were discontinued in 2012 (ATE INSURANCE SA and ATE Insurance Romania S.A.), as well as the personnel of Marathon Banking Corporation, sold in September 2012. In the above table our activities in Egypt are included in all years for reasons of comparability. In the 2011 financial statements our activities in Egypt were characterised as suspended (1,559 persons), while in 2012 they were included as continuing.

At 31 March 2013, we employed 23,850 people (compared to 18,872 at 31 December 2012), representing an increase of 4,978 employees. The personnel figure at 31 March 2013 does not include the 276 persons from the non-continuing activities of the Group (ATE INSURANCE S.A. and ATE

Insurance Romania S.A.). This increase was due to the addition of the personnel of ATEbank and Geniki Bank S.A.

At 31 December 2011, we employed 12,806 persons, compared with 13,160 in 2010. This figure does not include the staff of Marathon Banking Corporation, which employed 158 and 160 persons in 2011 and 2010, respectively, since we sold our shareholding in Marathon Banking Corporation in September 2012. This decrease was due to our efforts to contain our operating costs and the reduction in the number of our international branches.

The following table shows the geographical distribution of our personnel as at 31 December 2010, 2011 and 2012 and 31 March 2013:

	As at 31 December						As at 31 March	
	2010	%	2011	%	2012	%	2013	%
Attica (Piraeus Bank)	2,799	21.3%	2,707	21.4%	4,744	25.5%	7,894	33.5%
Thessaloniki (Piraeus Bank)	749	5.7%	685	5.4%	985	5.3%	1,564	6.6%
Rest of Greece (Piraeus Bank)	1,323	10.1%	1,286	10.2%	3,932	21.1%	5,234	22.2%
Subsidiaries (Greece)	1,518	11.5%	1,534	12.1%	2,761	14.8%	2,772	11.8%
Subsidiaries (international)	6,771	51.5%	6,436	50.9%	6,175	33.2%	6,117	25.9%
Group total[(1)]	**13,160**	**100.0%**	**12,648**	**100.0%**	**18,597**	**100.0%**	**23,574**	**100.0%**

(1) These figures do not include personnel relating to activities that were discontinued in 2012 (ATE INSURANCE SA and ATE Insurance Romania S.A.), as well as the personnel of Marathon Banking Corporation, sold in September 2012.

As at 31 December 2012, the average age of our employees was 40 years, and 66% of our employees were under 45. Moreover, 69% of the employees in Greece and 84% in our subsidiaries abroad held a university degree at the undergraduate or postgraduate level. In 2012, we sought to utilise our existing human resources to cover the business needs that arose. More specifically, at the Bank level, 55% of the vacancies were filled internally. At the Group level, 99% of vacancies were filled internally.

Our employees are represented by six employee unions, the largest of which is recognised by our management as the counterparty with which it negotiates human resources issues.

As part of our commitment to strengthen our dialogue with our employees and the collective bodies that represent them, we believe that we are in compliance with all relevant laws, applicable contractual commitments and collective bargaining agreements. Our senior management meets with the representatives of the trade unions at least once a month. In these meetings, our senior management informs the employee representatives of the activities of the Group, including significant operational changes. All of our employees receive salaries and other benefits in accordance with contractual arrangements and collective bargaining agreements.

Disaster Recovery and Information Technology

We have a state-of-the-art main Data Centre in Athens and a back-up Disaster Data Centre in Thessaloniki, which was built according to international standards and specifications.

After the completion of the ATEbank Acquisition, we proceeded with a thorough renovation of the building housing the former ATEbank's data centre, which will be certified according to the most advanced international standards (Tier 4) and will become the Group's new Data Centre. We expect the new Data Centre to be fully functional at the end of May 2013.

In the event of a disaster, our Disaster Data Centre assures recovery of full functionability within two to three hours.

In the main Data Centre in Athens and in the Disaster Data Centre in Thessaloniki, multiple systems have been installed to provide central support to our subsidiary banks abroad (ATM Switching Base 24, Internet Banking, Antimoney Laundering AML/WLM, Risk Management, Fraud Management, Moody's RMA, among others).

We use one of the most popular central banking systems in the world ("Equation" by MISYS), which is linked online in real time with a complete range of peripheral systems and applications.

Our subsidiaries outside of Greece use two central banking systems, "Equation" by MISYS and "Signature" by FISERV.

Our telecommunication requirements in Greece are covered by an up-to-date MPLS network. One of the first networks of its kind to be installed in a Greek bank, it links our branches with the data centres via high-speed connections. An ADSL network also exists as back-up support to the MPLS network, and in the event that a physical connection is not possible, we also have a GSM 3G network connection. To facilitate communication between the parent Bank and our subsidiaries outside of Greece, a central state-of-the-art videoconferencing system has been installed.

We have one of the most sophisticated e-banking platforms in Europe, which was designed and deployed in cooperation with Microsoft and has won multiple international awards and prizes.

To better serve customers, we have an extensive network of 2,892 ATMs: 2,173 in Greece and 719 abroad (as at 31 March 2013). We also have an extensive network of automated service machines (easypay), with 387 machines throughout Greece (as at 31 March 2013]), both for our customer transactions and for use by the general public (for payments of public utility bills, VAT payments, social security contribution payments, purchases of prepaid mobile talk time, purchases of tickets for theatre performances, etc.).

Litigation

In the ordinary course of business, we are involved in judicial or other similar proceedings. Neither we nor any other member of the Group is involved in any administrative, judicial or arbitration proceedings (including any proceedings which are pending or threatened of which we are aware) which we believe may have or which have had a material effect on our financial condition or that of the Group in the 12 months preceding the date of this Offering Memorandum.

As at 31 March 2013, the Group's provision for pending litigation amounted to €9.1 million from continuing operations and €2.2 million from discontinued operations, compared to €10.12 million from continuing operations and €2.2 million from discontinued operations as at 31 December 2012.

Tax Audits

The Bank is subject to tax audits for financial years 2010, 2011 and 2012. We have made provisions as required by IFRS in the financial statements of the Bank and its subsidiaries for the financial years where the Bank and its subsidiaries are subject to tax audits.

RISK MANAGEMENT

Financial risk management is intertwined with our business activity. Management, aiming to maintain the stability and continuity of its operations, places high priority on the goal of implementing and continuously improving an effective risk management framework to minimise potential negative effects on our financial results and our capital base.

Our Risk Committee has full responsibility for the development and supervision of the risk management framework. In order to coordinate and address all risks in a timely manner, a Risk Management Committee has been established at the Board level, responsible for the implementation and supervision of the financial risk management policy and principles. The Board Risk Management Committee convenes at least on a quarterly basis and reports to the Board of Directors on its activities. Seven Risk Management Committee meetings were held in 2012.

We re-examine the adequacy and effectiveness of our risk management framework annually in order to ensure it keeps pace with market dynamics, changes in the banking products offered, and international best practices. Our Group Risk Management Division is entrusted with the executive responsibility for the planning and the implementation of the risk management framework, according to the directions of the Risk Management Committee. Our Group Risk Management Division consists of Credit Risk Management, the Capital Management and the Market & Operational Risk Management. During 2013, the Corporate Credit Control Unit was established and joined in the Group Risk Management Division. The activities of the Group are supervised by Internal Audit, which evaluates the effectiveness and efficiency of the risk management procedures applied.

We systematically monitor the below mentioned substantial risks resulting from the use of financial instruments: credit risk, market risk, liquidity risk and operational risk.

Credit Risk

Credit Risk Management Strategies and Procedures

Our business activity and profitability entail the assumption of credit risk. Credit risk is the risk of financial loss that arises when debtors are unable to fulfil their contractual or transactional obligations. It is the most significant source of risk for us and therefore its effective monitoring and management is a top priority for our senior management team. Our overall exposure to credit risk mainly originates from the approved credit limits and financing of corporate and retail credit, our investment and transaction activities, trading activities in the derivatives markets and the settlement of transactions. The level of risk associated with any credit exposure depends on various factors, including the general economic and market conditions prevailing, the debtors' financial condition, the amount, the type, and duration of the exposure, as well as the presence of any collateral, security or guarantees.

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

The Board of Directors has assigned the executive responsibility for credit risk management to the Board's Group Risk Management Committee that monitors and evaluates the credit risk arising from the Group's everyday activities, while supervising the proper implementation and functionality of credit risk management policies.

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

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

Credit Risk Measurement and Reporting Systems

Reliable credit risk measurement is a top priority within our risk management framework. The continuous development of infrastructure, systems and methodologies aimed at quantifying and evaluating credit risk is an essential condition in order to support management and the business units in decision making, policy formulation and the fulfilment of supervisory requirements in a timely and efficient manner.

Across our group, common policies and practices are applied with respect to the credit assessment, approval, renewal and monitoring procedures. Credit risk measurement uniformity is achieved through the application of group-wide policies and methodologies as well as the dissemination and communication of common monitoring and reporting guidelines.

Loans and Advances

To measure the credit risk of our customer loans and advances at the counterparty level, we assess: (i) the customers' creditworthiness and the probability of default on their contractual obligations; (ii) the customers' credit exposure during the life of the loan; and (iii) the probability of potential recovery, in the event of the debtor defaulting on its obligations, based on existing collateral, security or guarantees provided. All three credit risk measurement parameters are incorporated into our day-to-day operations.

Systematic Evaluation of the Customers' Creditworthiness and Assessment of the Probability of Default on Their Contractual Obligations

We assess the creditworthiness of our borrowers and estimate the probability of default on their contractual obligations by applying credit rating models appropriate for their special characteristics and features. These models have been developed internally and combine financial and statistical analysis together with the expert advice of responsible officers. Whenever possible, these models are tested by benchmarking them against externally available information.

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

Credit assessments are performed centrally by a specialised division that is independent from the front line business units. This division is composed of highly skilled and experienced officers that have a thorough understanding of the market and the Bank's portfolio. The division's mission is to ensure compliance with the Bank's credit policy.

The evaluation of the credit requests and the respective credit proposals is based on a number of qualitative and quantitative criteria, such as, *inter alia*, loan tenor and purpose, repayment sources, management capacity, the client's reputation and prior behaviour in transactions with other banks, the client's strategy, industry sector analysis, the client's financial data, credit rating, quality and value of collateral or security, competitors' financial data.

All approvals are given on a one-obligor basis and signed jointly by at least three authorised signatories (two marketing/lending officers and one credit officer) having the adequate credit approval authority. Authority levels and limits are structured around maximum approval amounts, unsecured exposure, loan tenor and applicable products for each officer involved and are reviewed at least annually by our Board of Directors.

A review and re-assessment of the entire portfolio's credit quality take place at least on an annual basis through the process described above. More frequent assessments are required for higher-risk borrowers or when financial data are updated.

The scope of credit reviews is summarised hereunder:

- re-assess credit risks undertaken;
- re-evaluate collateral/security package vis-à-vis current risks and strengthen as necessary;

- review adherence to the approved loan terms and conditions;
- review usage of limits;
- propose changes to the amount of risk and type of facilities provided and their respective terms and conditions, as needed;
- propose the modification of pricing in accordance with the above; and
- keep relationship in line with the Bank's credit policy.

Corporate Credit

As far as Corporate Credit is concerned (which applies to our corporate and SME customers), the credit rating models applied depend on the type of operations and size of the enterprise. For large and medium-sized enterprises, we use Moody's Risk Adviser System ("MRA") borrower credit rating system, whereas for small to medium-sized enterprises, an internally developed rating system and scoring systems are applied. In accordance with the mandates of the supervisory framework Basel II, a distinct credit rating model has been developed and implemented for specialised lending related to sea-going shipping (object finance) and is currently being optimised.

As part of the validation, optimisation and calibration project of the existing MRA borrower credit rating system, we improved our current rating model for our corporate portfolio that concerns borrowers maintaining Class C accounting books with a turnover above €2.5 million and have implemented a new credit rating model for our corporate portfolio that concerns borrowers maintaining class C accounting books with a turnover of up to €2.5 million or without turnover.

We have automated our validation processes of the aforementioned models, which has led to more efficient and direct monitoring of their predictive power.

In 2012, the Credit Risk Management Division carried out research that established the high predictive power of the Teiresias Score (TBS) with respect to our business portfolio of Small Enterprises & Professionals. After the Credit Risk Management Division determined the high predictive power of TBS, it has been used as an additional tool of their credit rating assessment.

Corporate Credit borrowers are rated in 23 credit rating grades, which correspond to the different levels of credit risk and relate to different rates of default probability, allowing for the provisioning against specific exposures. Each rating grade is associated with a specific customer relationship policy.

Higher grades correspond to increasing levels of credit risk. The first 19 grades refer to standard classification corporate customers. Grades 20 to 23 refer to borrowers with classified credits (20: Special Mention, 21: Distressed Restructuring, 22: Substandard, 23: Doubtful/Loss).

In 2013, the 23-point main scale ("master scale") rating of the counterparty's creditworthiness is expected to include corporate portfolio borrowers of our foreign subsidiaries.

Retail Credit

As far as retail credit is concerned, we focus on the application of modern credit risk measurement methods, evaluate applicants using application scoring models and have implemented models for the evaluation of existing customers' transactional behaviour (behaviour scoring) for each product and on a customer level.

In addition, since July 2009, Piraeus Bank has used the credit bureau scoring model of Teiresias S.A., which takes into account the total exposure of borrowers in the Greek market. The usage of this particular model has improved the performance of the existing models. All credit scoring models are validated at least semi-annually.

Despite the fact that there are differences in the credit policy between collateralised and non-collateralised retail loans, the policy is nevertheless based on a range of credit criteria (apart from the aforementioned credit scoring models), such as

– minimum income level
– levels of indebtedness
– credit history of the customer

– kind, amount and significance of unfavourable factors

– maximum levels of LTV (for collateralised loans) combined with the purpose of the loan

Credit Risk Assessment

One of our focus areas with respect to our retail portfolio is the development of modern credit risk measurement methods (e.g., application/behavioural scorecards, models across the credit cycle) and their linkage to limit line management, collection strategies and legal action strategies.

We have invested considerably over the past few years in implementing scoring technology and developing our expertise, and we currently preserve high standards in developing, implementing and monitoring scoring systems across the credit cycle. In addition to developing our in-house expertise, we have formed strategic relationships with leading companies worldwide in order to ensure continuous knowledge transfer. There are three types of credit risk models:

- *Application scorecards:* A range of 14 customised application scorecards has been implemented per product /and-or channel;
- *Behavioural scorecards:* A range of 32 customised behavioural scorecards has been implemented to assess a borrower's payment history and transactions across different products. The behavioural scorecards are used throughout the credit cycle (application, account management and collections). The behavioural scorecards are of three types:
  - 17 behavioural scorecards for early-bucket accounts
  - 11 behavioural scorecards for late-bucket accounts
  - Four recovery scorecards for 180+dpd accounts
- *Bureau scorecard:* The bureau scorecard is a customised scorecard that includes characteristics reflecting a borrower's payment history with respect to loans with other banks, based on the information gathered from the credit bureau search. The bureau scorecard is used at the application stage.

Furthermore, a range of five product-level overall scorecards are used in origination, combining the three aforementioned scorecard types into a complete risk-level statistical assessment. In line with the Bank's model development and validation standards, scorecards are monitored and validated on predictive power, accuracy and stability on a regular basis.

Loan Servicing

We have made significant developments with respect to loan servicing procedures in recent years. These include key enhancements to our customer management policies and standards, such as:

- establishing a separate unit for loan restructuring;
- securing our unsecured exposures with residential collateral through voluntary or mandatory mortgage prenotations and/or additional guarantors;
- decreasing credit lines with respect to credit cards and open loans; and
- adopting a "dynamic" credit approval strategy based on credit scoring and bureau information.

Debt restructuring/rescheduling

We seek to reduce our risk exposure by making debt restructuring/rescheduling available only to customers with a good potential for rehabilitation. Debt restructuring/rescheduling is carried out by our debt restructuring unit, which is part of our collections division and is composed of credit specialists with experience in mortgages and consumer underwriting.

The main aspects of our debt rescheduling activity, with respect to both unsecured and secured loans, are summarised below:

- *Secured loans:*
  - Customers are assessed upon their repayment history, financial condition and credit bureau information, together with the quality of their collateral (e.g., loan-to-value ratio, no legal action by other lenders, etc.).
  - The main flexibility programs being offered by the Bank are either the reduction of monthly payments over six or twelve (payment holiday) months or an extension of maturity.
- *Unsecured loans (credit cards and consumer loans):*
  - In addition to taking into account a borrower's potential for rehabilitation, one approach we have focused on is the taking of collateral by consolidating all of a borrower's unsecured loans into one new collateralised loan. This consolidation reduces risk through converting revolving exposures to fixed-term, while mitigating the loss potential of an unsecured exposure.

Collections

We follow a strict collections policy on both accounts in arrears and in default in order to maximise the recovery potential of both unsecured and secured products. The following is a summary of our collections policy, which involves implementing:

- advanced collections systems and enabling online, predictive dialling to facilitate contacting delinquent accounts;
- a system to institute legal actions where necessary, including electronic assignment of cases to collaborating attorneys;
- forced-prenotation in the collections system to enable a faster process, which is key to maximising collateral value of prenotated properties; and
- a expense control and monitoring system.
- sophisticated segmentation and contact strategies that are deployed through the system and various channels (e.g., telephone, reminder letters and text messaging); and
- a dedicated vendor management and performance measurement teams focussed on KPIs, optimisation and incentive schemes.

Our Collections Department is responsible for servicing loans in arrears, principally by:

- promptly identifying and monitoring high risk accounts by using a combination of behavioural score and balance; and
- managing delinquent accounts through appropriate segmentation: delinquent products are classified according to balance, risk level, delinquency days, special queues such as Deceased, Skip Tracing, Restructured loans.

Our main policy considerations relating to collections on defaulted accounts are:

- *Secured loans:*
  - A litigation process is commenced through service of process, assignment of the case to a legal agency, so as to issue a court payment order, followed by the collateral litigation process for all mortgages irrespective of amount.
  - The litigation process is not suspended even if the customer makes some payments.
  - The litigation process can only be suspended if the customer agrees on and honours a certain monthly repayment plan devised by the Loan Restructuring unit, and, in the event that the plan is broken, the litigation process is restarted.
- *Unsecured loans (credit cards and consumer loans):*
  - Our primary strategy is to secure the exposure through applying a forced prenotation on the customer's property in order to improve our position.

  - We pursue a strict recovery process over a five year (on average) period and current policy does not include settling accounts by offering discounts, unless in very specific cases following approval by a highly ranked committee.
  - In order to act swiftly and pre-empt other lenders from securing a better forced prenotation lien, a streamlined-fast legal process is deployed through the system allowing for the completion of the forced prenotation order in just 3 month

- *Approval checks:*
  - At least two employees (one of whom is credit officer) are involved in the credit process ("Four Eyes Principle");
  - We deploy bureau and behavioural credit scoring at origination; and
  - All loan applicants are subject to both internal (DTI/LTV calculation, customer relation, repayment, application history, verification of the originality of the application, fraud etc.) and external ("adverse" Teiresias for detrimental and "positive" Teiresias for loans, credit cards) checks.
- *Policy/processes:*
  - Review and update of the credit policy in order to be more efficient and safeguard the Bank's interests;
  - Maximum customer unsecured exposure policy; and
  - Introduction of personalised pricing.
- *Systems:*
  - One Integrated Central Credit Division that underwrites all applications for retail products, which brought simplicity and homogeneity in procedures across the retail division; and
  - New application system with advanced controls & checks leading to a paperless procedure.

Monitoring Our Current Credit Risk Exposure

We monitor the credit risk exposure of our loans and advances to customers, based on their notional amount.

Possible Recovery Based on the Existing Associated Collateral, Security and Guarantees

Along with the rating of a debtor's creditworthiness, we estimate during the setting/review of credit limits, the recovery rate in the event that a debtor defaults on its contractual obligations. The estimation of the recovery rate is based on the type of credit and the existence and quality of any collateral, security or guarantees. In general, the worse the credit rating of a borrower, the larger the probability of default on their obligations to us, and therefore the collateral, security and guarantees required should be correspondingly of better quality in order to ensure the highest possible recovery rate.

Securities and Other Bills

For the measurement and evaluation of credit risk entailed in debt securities and other bills, external ratings from rating agencies are used, such as Moody's, Standard & Poor's or Fitch. The amount of our exposure to credit risk from debt securities and other bills is measured per asset class under IFRS.

Stress Testing Exercises

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

These stress tests are performed by the Group Risk Management Division. The methodology and stress scenarios applied use as a basis the requirements of exercises performed by the Bank of Greece, the European Banking Authority and the IMF. In addition, credit risk stress-testing scenarios are developed for each country where we maintain a presence, according to directions provided by local supervisory authorities. These scenarios are reviewed by the Credit Risk Management Division of the Group. Within this stress testing framework, our loans and claims to borrowers located in Greece and abroad are examined, as well as credit exposures to bonds. Additional stress-testing scenarios are examined for portfolios exposed to sectors that are quite vulnerable to economic conditions, such as the shipping, construction and real estate management sectors.

Credit Limits Management and Risk Mitigation Techniques

We apply credit limits in order to manage and control our credit risk exposure and concentration. Credit limits define the maximum acceptable risk per counterparty, per group of counterparties, per credit rating, per product, per activity sector and per country.

In addition, limits are set against exposures to credit institutions. Our total exposure to borrower credit risk, including the credit risk of financial institutions, is further controlled by the application of sub-limits that address on- and off-balance sheet exposures.

In order to set customer limits, we take into consideration any collateral or security that reduces the level of risk assumed. We categorise the risk of credits into risk classes, based on the type of collateral or security associated and their potential liquidation value. The maximum credit limits that may be approved per risk class are determined by the Board of Directors. No credit is approved by one sole person, since the procedure regularly requires the approval of a minimum of three authorised officers, with the exception of consumer loans and credit cards, if the criteria that are set under the credit policy are met. Approval authorities are designated based on the level of risk exposure. Their role in contributing to the quality of our total credit portfolio is particularly significant.

Credit limits are set with an effective duration of up to 12 months and subject to annual or more frequent review. The responsible approval authorities may, in special circumstances, set a shorter duration than 12 months. The outstanding balances along with their corresponding limits are monitored on a daily basis, while any limit excesses are reported in a timely manner and dealt with accordingly.

The following paragraphs describe further techniques applied by us for credit risk control and mitigation.

Collateral/Security

We obtain collateral/security against its credit to customers, thus minimising the overall credit risk and ensuring the timely repayment of our debt claims.

To this end, we have established categories of acceptable collateral and have incorporated them in our credit policy, the main types being the following:

- pledged deposits;
- bank letters of guarantee;
- guarantees of the Hellenic Republic;
- guarantees of the ETEAN;
- pledged financial instruments such as stocks, bonds, bills or mutual fund shares;
- pledged cheques;
- prenotations/mortgages on real estate property;
- ship mortgages; and
- receivables.

The collateral/security associated with a credit is initially evaluated during the credit approval process, based on their current or fair value and re-evaluated at regular intervals. In general, no collateral/security is required against exposures to financial institutions unless they relate to reverse repurchase agreements or other similar bond activities.

As at 31 December 2012, our total loan book collateral coverage was 54%, total business loan book collateral coverage was 50% and average LTV for the mortgage portfolio stood at 65%.

Derivatives

We systematically monitor and control the exposure and duration of our net open positions in the derivative markets.

At any given moment, our overall credit risk exposure to derivative products corresponds to the positive market value of our open positions, plus any potential future exposure. Credit exposures arising from derivatives transactions are part of the overall credit limits set for any counterparty and are taken into consideration during the approval procedure. We seek to reduce our counterparty credit risk by participating in the International Swaps & Derivatives Association (ISDA) and executing Global Master Repurchase Agreements (GMRA) and Credit Support Annexes with our counterparties.

We set and systematically monitor daily settlement limits for each of our counterparties.

Netting Arrangements

In cases where there is the contractual right and the expressed intention to net the recognised amounts owed to us by a counterparty, we are entitled to proceed in netting through the cancellation of offsetting transactions and their replacement with a new, net transaction.

Credit-related Commitments

We use credit-related commitments to provide customers with funds as required. These credit-related commitments entail the same risk as our loans and advances and mainly concern letters of credit and letters of guarantee. The remaining duration of credit-related commitments is systematically analysed and monitored, since in general, commitments with longer duration entail greater risk compared to those with shorter duration.

Impairment and Provisioning Policy

We systematically examine whether there is solid and objective evidence that a claim's value has been impaired. To this end, as at the date of each published financial statement, we conduct an impairment test concerning the value of our loans, according to the general principles and methodology described in IAS, and we proceed with assuming the respective provisions.

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

The following are objective indicators that a certain claim or a group of claims has been impaired or rendered uncollectible:

- Significant financial difficulty of the borrower;
- Breach of obligations provided in the loan agreement (e.g. delay of or failure to make payments of interest or principal);
- We, for financial or legal reasons associated with the borrower's financial difficulty, are exploring a settlement agreement for the relevant debt which we would not be considering in other circumstances;
- Possibility of borrower's bankruptcy or financial restructuring;
- Data which demonstrate, as from the date of initial registration of the loan with our records and onwards, the existence of a determinable reduction in the projected future debt collections in

respect of a group of loans, although such reduction may not as yet be apparent, on the basis of a loan to loan analysis which includes:

- Adverse changes to the repayment status of other borrowers in the same group (e.g. increase of late payments due to implications occurring at a certain business sector), or
- Financial circumstances at a national or local level, relating to the non-performance of the group's loans (e.g. increase of unemployment at a certain region of borrowers, decrease of mortgaged real estate in the same region, or adverse changes in the frame of operations at a certain business sector which affect borrowers of that same group)

The estimation concerning the existence of impairment and any resulting provisioning is conducted individually at loan level (for both retail and corporate portfolios) for those considered by us as significant, and collectively on a loan group level for those considered less significant. The estimation of impairment is conducted collectively for claims (portfolios of claims) with common risk characteristics, which are not considered significant on an individual basis. Also, collective assessment includes loans that have been tested individually for impairment but no impairment has occurred.

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

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

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

Write-offs

By resolution of our Board of Directors (or its authorised Committees) or the boards of directors of our subsidiaries, we record write-offs of NPLs and bad debts against their respective provisions, after all potential collection processes have been exhausted and, thus, it is highly expected that the aforementioned will not be collected. We continue monitoring loans written off in case they may become collectable.

The following table sets forth the write-offs of loans and advances to customers at the dates indicated.

	As at 31 December		As at 31 March
(€ in millions)	**2011**	**2012**	**2013**
Loans to individuals	108.5	55.6	32.2
Loans to corporate entities	235.5	1,180.8	73.0
Total write-offs of loans and advances to customers	**344.0**	**1,236.3**	**105.2**

Maximum Exposure to Credit Risk Before Collateral Held or Other Credit Enhancements

The following table presents our maximum credit risk exposure on 31 December 2011 and 2012 and 31 March 2013, without including collateral held or other credit enhancements. For on-balance sheet items, credit exposures are based on their carrying amounts as reported on the balance sheet.

(€ in millions)	As at 31 December 2011	As at 31 December 2012	As at 31 March 2013
Credit risk exposures relating to on-balance sheet assets			
Loans and advances to credit institutions	316.1	380.4	477.6
Derivative financial instruments—assets	379.2	441.3	423.7
Bonds of trading portfolio	453.9	350.6	287.4
Financial instruments at fair value through profit or loss	4.0	0.0	0.0
Reverse repo agreement on Customers' Securities	57.4	35.9	36.4
Loans and advances to customers (net of provisions)	34,005.6	44,612.7	60,686.5
Loans to individuals:	9,873.2	16,118.7	21,273.2
—Mortgages	6,682.6	12,281.2	16,199.9
—Consumer/Personal loans	2,592.9	3,007.3	4,044.3
—Credit cards	597.7	830.2	1,029.0
Loans to corporate entities	24,132.4	28,494.0	39,413.3
Debt securities—receivables	1,628.2	8,016.0	8,795.8
Bonds of investment portfolio	3,707.2	4,413.7	3,054.7
Other assets	988.7	2,577.3	1,925.3
Credit risk exposures relating to off-balance sheet assets			
Letters of guarantee	2,571.7	3,109.9	3,031.9
Letters of credit	53.8	44.2	52.3
Commitments to extend credit	1,737.4	1,229.4	1,157.5
Total	45,903.2	65,211.4	79,929.2

Loans and Advances

Loans and advances to customers and to credit institutions are summarised as follows:

	31 December				31 March	
	2011		2012		2013	
(€ in millions)	Loans and advances to customers	Loans and advances to credit institutions	Loans and advances to customers	Loans and advances to credit institutions	Loans and advances to customers	Loans and advances to credit institutions
Loans neither past due or impaired	21,990.5	316.1	26,956.4	380.4	31,059.0	477.6
Past due but not impaired	8,742.3	0.0	12,767.5	—	22,867.5	—
Impaired	6,325.2	—	10,849.4	—	17,941.6	—
Gross	37,058.0	316.1	50,573.3[1]	380.4	71,868.1[3]	477.6
Less: Allowance for impairment	(3,052.4)	—	(5,960.6)[2]	—	(11,181.6)[4]	—
Net	34,005.6	316.1	44,612.7	380.4	60,686.5	477.6

(1) Includes a €3,833.0 million allowance for impairment on loans and advances to customers and the €2,127.7 million fair value adjustment of opening balances at the acquisition date relating to the allowance for impairment of loans of the ATEbank Acquired Business and Geniki Bank, which was applied to loans and advances to customers in accordance with IFRS 3.

(2) Represents gross loans prior to the €2,127.7 million fair value adjustment on opening balances at the acquisition date relating to the allowance for impairment of loans of the ATEbank Acquired Business and Geniki Bank, which was applied to loans and advances to customers in accordance with IFRS 3. As applied, this adjustment decreases the balance of loans and advances to customers before provisions and it is not included in the €3,833.0 million allowance for impairment on loans and advances to customers. However, for purposes of monitoring credit risk and for disclosure purposes according to IFRS 7, this adjustment does not affect the balances of loans and advances before provisions, as we have not stopped monitoring the adjustment as part of the provisions.

(3) Includes a €4,226.7 million allowance on impairment for loans and advances to customers and the €6,954.9 million fair value adjustment of opening balances at the acquisition date relating to the allowance for impairment of loans of the

ATEbank Acquired Business, Geniki Bank and the Cypriot Acquired Businesses, which was applied to loans and advances to customers in accordance with IFRS 3.

(4) Represents gross loans prior to the €6,954.9 million fair value adjustment of opening balances at the acquisition date relating to the allowance for impairment of loans of the ATEbank Acquired Business, Geniki Bank and the Cypriot Acquired Businesses, which was applied to loans and advances to customers in accordance with IFRS 3. As applied, this adjustment decreases the balance of loans and advances to customers before provisions and it is not included in the €4,226.7 million allowance for impairment on loans and advances to customers. However, for purposes of monitoring credit risk and for disclosure purposes according to IFRS 7, this adjustment does not affect the balances of loans and advances before provisions, as we have not stopped monitoring the adjustment as part of the provisions. However, for purposes of monitoring credit risk and for disclosure purposes according to IFRS 7, this adjustment does not affect the balances of loans and advances before provisions, as we have not stopped monitoring the adjustment as part of the provisions.

Loans Neither Past Due nor Impaired

As at 31 March 2013

	Loans to individuals				
Grades (€ in millions)	**Credit cards**	**Consumer/ personal loans**	**Mortgages**	**Loans to corporate entities**	**Total loans and advances to customers**
Standard monitoring	682.0	2,181.6	9,681.9	12,413.1	24,958.7
Special monitoring	—	—	—	6,100.4	6,100.4
Total	682.0	2,181.6	9,681.9	18,513.5	31,059.0

Loans and Advances to Customers

As at 31 December 2012

	Loans to individuals				
Grades (€ in millions)	**Credit cards**	**Consumer/ personal loans**	**Mortgages**	**Loans to corporate entities**	**Total loans and advances to customers**
Standard monitoring	582.5	1,973.9	8,162.3	11,326.2	22,044.9
Special monitoring	—	—	—	4,911.5	4,911.5
Total	**582.5**	**1,973.9**	**8,162.3**	**16,237.7**	**26,956.4**

As at 31 December 2011

	Loans to individuals				
Grades (€ in millions)	**Credit cards**	**Consumer/ personal loans**	**Mortgages**	**Loans to corporate entities**	**Total loans and advances to customers**
Standard monitoring	457.6	1,757.7	4,389.2	10,173.3	16,777.7
Special monitoring	—	—	—	5,212.9	5,212.9
Total	**457.6**	**1,757.7**	**4,389.2**	**15,386.1**	**21,990.5**

Loans and Advances to Credit Institutions

Grades (€ in millions)	**As at 31 December 2011**	**As at 31 December 2012**	**As at 31 March 2013**
Investment grade	—	27.6	102.9
Standard monitoring	185.5	350.2	304.4
Special monitoring	130.7	2.6	70.3
Total	**316.1**	**380.4**	**477.6**

Loans and Advances Past Due but Not Impaired

As at 31 March 2013

(€ in millions)	Loans to individuals			Loans to corporate entities	Total
	Credit cards	Consumer/ personal loans	Mortgages		
Past due 1-90 days	155.7	1,167.0	3,666.6	9,374.6	14,363.9
Past due 91-180 days	38.7	224.1	661.8	1,463.8	2,388.4
Past due > 180 days	—	—	1,396.1	4,719.1	6,115.2
Total	**194.4**	**1,391.1**	**5,724.5**	**15,557.5**	**22,867.5**
Fair value of collateral	0.3	329.5	5,056.2	7,803.7	13,189.7

As at 31 December 2012

(€ in millions)	Loans to individuals			Loans to corporate entities	Total
	Credit cards	Consumer/ personal loans	Mortgages		
Past due 1-90 days	111.9	671.8	2,250.9	5,408.2	8,442.8
Past due 91-180 days	35.9	139.0	501.9	593.3	1,270.1
Past due > 180 days	—	—	846.8	2,207.8	3,054.6
Total	147.8	810.8	3,599.6	8,209.4	12,767.5
Fair value of collateral	0.1	221.5	3,324.7	4,376.6	7,922.9

As at 31 December 2011

(€ in millions)	Loans to individuals			Loans to corporate entities	Total
	Credit cards	Consumer/ personal loans	Mortgages		
Past due 1-90 days	59.1	574.4	1,415.2	4,727.8	6,776.6
Past due 91-180 days	27.0	101.8	244.5	225.6	598.9
Past due > 180 days	—	—	364.9	1,002.0	1,366.8
Total	86.1	676.3	2,024.6	5,955.4	8,742.3
Fair value of collateral	—	167.3	1,884.4	3,729.3	5,780.9

The fair value of physical collaterals reflects the liquidation value of these collaterals, after the application of the haircuts provided in our credit policy.

In the case of our mortgage loans, that the reported fair value of collateral takes into account only properties on which we hold a first lien mortgage. In cases where the property value exceeds the remaining balance of the loan the reported fair value of collateral takes into account the property value up to the amount of the remaining balance of the loan.

Loans and Advances Impaired

As at 31 March 2013

(€ in millions)	Loans to individuals			Loans to corporate entities	Total loans and advances to customers
	Credit cards	Consumer/ personal loans	Mortgages		
Impaired loans	652.4	2,335.9	1,361.1	13,592.2	17,941.6
Fair value of collateral	0.1	200.0	960.4	4,377.9	5,538.4

31 December 2012

(€ in millions)	Loans to individuals			Loans to corporate entities	Total loans and advances to customers
	Credit cards	Consumer/ personal loans	Mortgages		
Impaired loans	477.7	1,287.9	951.6	8,132.2	10,849.4
Fair value of collateral	0.1	123.1	740.5	3,192.4	4,056.1

As at 31 December 2011

(€ in millions)	Loans to individuals			Loans to corporate entities	Total loans and advances to customers
	Credit cards	Consumer/ personal loans	Mortgages		
Impaired loans	207.3	738.9	394.9	4,984.0	6,325.2
Fair value of collateral	—	83.3	308.9	1,815.2	2,207.4

The amount of loans with impairment as at 31 March 2013 includes loans of €5,538.4 million, as at 31 December 2012 includes loans of €4,056.1 million and as at 31 December 2011 includes loans of €2,207.4 million which are not past due above 90 days.

Loans and Advances Renegotiated

Loans and advances include loans and advances that had been overdue or partially overdue and further were renegotiated. One year after the renegotiation date and provided that the loan is performing regularly, the loan is upgraded—after relevant approval—and treated exactly like the rest of the performing loans and advances, according to their management.

(€ in millions)	As at 31 December	
	2011	2012
Loans to individuals	411	525
Loans to corporate entities	853	1,337
	1,264	1,862

Retail Credit

The approvals from the rescheduling and distressed restructuring of retail loans are given by the specialised unit of Retail Loans Restructuring. Distressed restructured and rescheduled loans are tested for impairment in accordance with the impairment and provisioning policy as described in note 3.1.4 to the annual consolidated financial statements as at and for the year ended 31 December 2012, included elsewhere in this Offering Memorandum.

As at 31 December 2012, the carrying value of our distressed restructured and rescheduled loans amounted to €5.9 billion, while the total amount of provisions was €410 million.

(in million €)	31 December 2011		31 December 2012	
	Balance	Provision	Balance	Provision
Distressed Restructured	**1,264**	**75**	**1,862**	**198**
Retail	411	30	525	41
Corporate	853	45	1,337	157
Rescheduled	**2,790**	**154**	**4,050**	**212**
Retail	828	8	1,939	16
Corporate	1,962	146	2,111	196
Total	**4,054**	**229**	**5,911**	**410**

The amounts of rescheduled loans relate to Piraeus Bank only.

Debt Securities and Other Eligible Bills

The tables below present an analysis of Trading securities, Debt securities—receivables, Investment securities and Financial instruments at fair value through Profit or Loss by rating as at 31 December 2012, based on Standard & Poor's ratings or their equivalent:

31 December 2012 (€ in thousands)	Trading securities	Debt securities—receivables	Investment securities	Total
AAA	54.3	6,513.9	524.9	7,093.1
AA− to AA+	—	—	260.0	260.0
A− to A+	—	—	87.8	87.8
Lower than A−	296.2	1,502.1	3,365.2	5,163.5
Unrated	—	—	175.8	175.8
Total	350.6	8,016.0	4,413.7	12,780.3

Repossessed Collateral

During the year 2012, we obtained assets after taking possession of collateral held as security for its receivables:

Nature of assets (€ in millions)	2011	2012
	82.2	121.6
Property	82.2	121.6

Assets acquired from an auction process are held by us temporarily for liquidation, for in full or partial repayment of related loan from customers. These assets are included in balance sheet in "Inventories—property".

Concentration of Risks of Financial Assets with Credit Risk Exposure

Geographical Sectors

The following table breaks down our main credit exposure at their carrying amounts, as categorised by geographical region as at 31 March 2013. The credit risk exposure is based on the country of domicile of our subsidiaries.

(€ in millions)	Greece	Rest of Europe	Egypt	Total
Loans and advances to credit institutions	191.9	62.0	223.7	477.6
Derivative financial instruments—assets	418.3	5.4	—	423.7
Bonds & treasury bills of trading portfolio	53.3	234.1	—	287.4
Bonds at fair value through profit or loss	53,728.6	6,541.2	416.7	60,686.5
Loans and advances to customers (net of provisions)	19,752.5	1,471.4	49.2	21,273.2
Loans to individuals	15,554.0	643.4	2.6	16,199.9
—Mortgages	3,216.2	791.4	36.7	4,044.3
—Consumer—personal loans	982.3	36.7	10.0	1,029.0
—Credit cards	33,976.1	5,069.8	367.5	39,413.3
Loans to corporate entities	8,756.2	4.8	34.9	8,795.8
Bonds & Treasury Bills of investment portfolio	2,642.6	380.8	31.0	3054.4
Debt securities—receivables	35.7	0.7	—	36.4
Other assets	2,642.9	152.2	9.4	1,925.3
As at 31 March 2013	**67,590.7**	**7,381.2**	**715.0**	**75,687.5**
As at 31 December 2012	**52,490.7**	**7,585.3**	**751.9**	**60,827.9**

Industry sectors

The following table breaks down our main credit exposure at their carrying amounts, as categorised by industrial sector as at 31 December 2012. We have allocated exposures to sectors based on the industry sector of our counterparties.

(€ in thousands)	Financial institutions	Manufacturing/ Handicraft	Construction	Real Estate Companies	Project Finance	Wholesale and retail trade	Public sector	Shipping Companies	Hotels	Agriculture	Energy, Transports & Logistics	Other industries	Individuals	Total
Loans and advances to credit institutions	380.4													380.4
Derivative financial instruments—assets	316.7	4.2	—	2.5	100.1	0.4	—	13.7	—	—	—	3.6	—	441.3
Bonds of Trading portfolio	0.1	—	—	—	—	—	296.1	—	—	—	—	54.4		350.6
Bonds at fair value through profit or loss	701.7	4,591.5	2,795.6	2,360.8	1,210.5	3,996.3	2,468.8	1,387.5	1,848.3	1,598.4	1,833.6	3,701.1	16,118.7	44,612.7
Loans and advances to customers (net of provisions)													16,118.7	16,118.7
Loans to individuals (retail customers)													12,281.2	12,281.2
— Mortgages													3,007.3	3,007.3
— Consumer—personal loans													830.2	830.2
— Credit cards	701.7	4,591.5	2,795.6	2,360.8	1,210.5	3,996.3	2,468.8	1,387.5	1,848.3	1,598.4	1,833.6	3,701.1	—	28,494.0
Loans to corporate entities	—	4.7	—	—	—	—	1,497.4	—	—	—	—	6,513.9	—	8,016.0
Debt securities—receivables	—	—	—	—	34.1	—	—	—	—	—	—	—	1.8	35.9
Bonds of Investment portfolio	521.8	—	—	0.0	—	—	3,849.8	—	—	—	—	42.1		4,413.7
Other assets	36.9	36.0	18.6	4.5	0.0	81.1	556.4	0.1	0.4	0.2	2.0	1,636.6	204.4	2,577.3
Balance at 31 December 2012	1,957.6	4,636.4	2,814.2	2,367.8	1,344.7	4,077.8	8,668.6	1,401.3	1,848.7	1,598.6	1,835.6	11,951.7	16,324.9	60,827.9
Balance at 31 December 2011	1,326.8	4,056.9	2,849.3	2,339.6	1,959.5	3,682.5	6,233.1	1,415.9	1,553.3	458.1	1,411.1	4,257.0	9,997.3	41,540.4

The amount of €255 million in the category "Public Sector" of "Corporate Loans" relates to loans given to local authorities and the amount of €2.1 billion relates to receivables from the "Payment and Control Agency for Guidance and Guarantee Community Aid" (OPEKEPE) in the framework of managing the reinforcements of community funds for the funding of agricultural expenditures of the community budget.

The amount of €1.4 billion in the category "Public Sector" of "Debt Securities Receivables" relates to securities issued under the framework of Law 3723/2008 "Economy Reinforcement Plan".

The amount of €54 million of "Bonds of Trading portfolio" and the amount of €6.5 billion of "Debt Securities Receivables" in the category "Other Industries" relates to bonds issued by the Hellenic Financial Stability Fund received by us as a result of the ATEbank Acquisition.

Finally the category of "Other Industries" of "Other Assets" includes the amount of €795 million which relates to receivables of the Financial Stability Facility due to the difference of the value of transferred assets and liabilities of ATEbank subtracting the amount of €6,676 million already covered.

Market Risk

Market risk is related to the possibility of losses due to changes in the level or the volatility of market prices and rates, such as share prices, interest rates or foreign exchange rates. We apply up-to-date and generally accepted techniques for the measurement of market risk, such as Value-at-Risk ("VaR") valuations, earnings-at-risk and sensitivity indicators.

Our Board of Directors has approved a uniform market risk management policy that applies to us and our subsidiaries since the beginning of 2003. This policy outlines the basic definitions of market risk management and defines the roles and the responsibilities of the units and executives involved. Specifically, sensitivity indicators such as PV100 (adverse impact to the net present value of all balance sheet items for a 100 basis points parallel move in the yield curve for all currencies) as well as Value-at-Risk (VaR incorporates all risk factors) are calculated.

For every activity that bears market risk, Piraeus Bank Group has assigned adequate market risk limits, and these are monitored systematically. Market risk management is not confined to trading book activities, but covers the balance sheet as a whole.

The VaR measure is an estimate of the maximum potential loss in the net present value of a portfolio, over a specified time period and within a specified confidence level. We implement the following three methods to calculate the Value-at-Risk: We implement the "RiskMetrics" parametric VaR calculation methodology with equal weighting of historical observations of two years, assuming a one-day holding period and utilising a 99% confidence level.

We also estimate for internal monitoring purposes, the VaR measure, taking into account market data that assign increased weight on recent observations (exponentially weighted volatilities and correlations). In addition, we estimate a Stressed Value at Risk measure, in order to assess the potential impact of increased volatilities and correlations (calculated during a period of severe economic stress) on current positions.

As the VaR methodology does not evaluate risk attributable to extraordinary financial or other occurrences, the risk assessment process includes a number of stress scenarios. The stress scenarios are based on the primary risk factors that can change the value of the balance sheet figures.

The Value-at-Risk estimate for our Trading Book at 31 March 2013 was €1.7 million. This estimate consists of €0.84 million for interest rate risk, €0.03 million for equity risk, €1.29 million for foreign exchange risk and €0.1 million for commodities risk. There is a reduction in the Value-at-Risk estimate of €0.56 million due to the diversification effect in the portfolio.

The Value-at-Risk estimate for our Trading Book at 31 December 2012 was €1.32 million. This estimate consists of €0.46 million for interest rate risk, €0.01 million for equity risk, €1.13 million for foreign exchange risk and €0.1 million for commodities risk. There is a reduction in the Value-at-Risk estimate of €0.38 million due to the diversification effect in the portfolio.

The Value-at-Risk estimate for our Trading Book at 31 December 2011 was €8.81 million. This estimate consists of €8.06 million for interest rate risk, €0.04 million for equity risk, €2.41 million for foreign exchange risk and €0.21 million for commodities risk. There is a reduction in the Value-at-Risk estimate of €1.91 million due to the diversification effect in the portfolio. During 2012, there was a

decrease in our Trading Book VaR due to a reduction in Greek government bond positions compared to 2011. During 2013, there was an increase in our Trading Book VaR due to the volatility of the interest rates of the Greek government bonds.

The above are summarised as follows:

(€ in millions)	Piraeus Bank Group Trading Book Total VaR	VaR—Interest Rate Risk	VaR Equities Risk	VaR Foreign Exchange Risk	VaR Commodities Risk	Diversification Effect
As at 31 March 2013	1.70	0.84	0.03	1.29	0.10	(0.56)
As at 31 December 2012	1.32	0.46	0.01	1.13	0.10	(0.38)
As at 31 December 2011	8.81	8.06	0.04	2.41	0.21	(1.91)

Foreign Currency Risk

We are exposed to the impact of the change in the exchange rates of various currencies that affect our financial position and cash flows. Management sets out limits on the level of our exposure to changes in currency exchange, which are monitored daily. The table below summarises our exposure to foreign currency exchange rate risk at 31 March 2013, 31 December 2012 and 31 December 2011. The table includes our assets and liabilities at carrying amounts categorised by currency, whereas hedging positions in derivatives which reduce significantly the risk undertaken are not included.

	As at 31 March 2013						
(€ in millions)	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Foreign exchange risk of assets							
Cash and balances with the Central Bank	2,533.3	247.8	32.5	3.5	31.6	452.2	3,300.9
Loans and Advances to Credit Institutions	204.8	176.2	3.6	—	0.1	92.9	477.6
Derivative financial instruments—assets	416.8	1.5	—	—	—	5.3	423.7
Trading securities	92.5	2.7	—	—	—	201.1	296.3
Financial instruments at fair value through profit or loss	12.4	—	—	—	—	—	12.4
Reverse repos with customers	35.7	—	—	—	—	0.7	36.4
Loans and advances to customers (net of provisions)	52,479.7	4,602.5	114.8	202.6	2,607.5	1,031.9	61,039.0
Debt securities-receivables	8,756.2	9.4	—	—	—	30.2	8,795.8
Investment securities	3,376.7	5.9	—	—	—	157.6	3,540.2
Other assets	1,571.1	7.8	0.5	0.7	2.3	100.6	1,683.1
Other assets (A)	69,479.3	5,053.8	151.4	206.8	2,641.6	2,072.5	79,605.5
Foreign exchange risk of liabilities							
Due to credit institutions	27,823.0	110.9	1.4	36.3	3.0	174.9	28,149.6
Liabilities at fair value through profit or loss	0.6	—	—	—	—	—	0.6
Derivative financial instruments—liabilities	354.8	29.7	—	—	22.2	8.1	414.7
Due to customers	47,943.9	2,827.9	167.6	39.6	30.8	2,282.1	53,292.0
Debt securities in issue	504.1	—	—	—	—	—	504.1
Hybrid capital and other borrowed funds	322.5	—	—	—	—	—	322.5
Other liabilities	631.1	1,486.3	26.2	96.4	1,962.6	517.1	4,719.7
Total financial liabilities (B)	77,580.0	4,454.7	195.2	172.4	2,018.6	2,982.2	87,403.2
Net on-balance sheet financial position (A − B)	(8,100.8)	599.1	(43.8)	34.4	622.9	(909.7)	(7,797.8)
Net position of non-financial assets—liabilities	3,265.1	1,560.2	24.7	95.6	1,983.7	928.1	7,857.5
Off-balance sheet items	(1,517.0)	(1,073.7)	(22.7)	(96.2)	(2,406.5)	163.4	(117.1)

(€ in millions)	As at 31 March 2013						
	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Currency position	3,318.6	1,085.6	(41.7)	33.8	200.1	181.8	(57.4)
As at 31 December 2012							
Foreign exchange risk of assets							
Cash and balances with the Central Bank	2,520.8	289.6	29.0	14.9	15.9	437.3	3,307.5
Loans and Advances to Credit Institutions	89.0	245.0	7.4	—	0.1	38.8	380.3
Derivative financial instruments—assets	411.3	14.1	—	—	—	15.9	441.3
Trading securities	123.5	3.1	—	—	—	236.3	362.9
Financial instruments at fair value through profit or loss	7.8	—	—	—	—	—	7.8
Reverse repos with customers	35.4	—	—	—	—	0.5	35.9
Loans and advances to customers (net of provisions)	38,694.3	2,158.6	105.8	144.6	2,494.7	1,014.7	44,612.7
Debt securities-receivables	7,928.9	10.7	—	—	—	76.4	8,016.0
Investment securities	4,706.3	12.4	—	—	—	191.8	4,910.5
Other assets	2,461.0	12.8	0.3	1.0	2.4	99.7	2,577.2
Other assets (A)	**56,978.4**	**2,746.3**	**142.5**	**160.4**	**2,513.1**	**2,111.5**	**64,652.2**
Total financial liabilities (B)	**67,215.3**	**2,080.8**	**117.0**	**205.7**	**46.6**	**2,179.5**	**71,844.9**
Net on-balance sheet financial position (A − B)	**(10,237.0)**	**665.6**	**25.6**	**(45.3)**	**2,466.5**	**(68.0)**	**(7,192.6)**
Net position of non-financial assets—liabilities	**6,577.7**	**103.8**	**(0.8)**	**—**	**11.2**	**475.5**	**7,167.4**
Off balance sheet items	**3,643.5**	**(1,101.2)**	**(26.8)**	**45.2**	**(2,504.2)**	**108.5**	**165.1**
Currency position	**(15.7)**	**(331.8)**	**(2.0)**	**0.1**	**(26.5)**	**516.0**	**139.9**
As at 31 December 2011							
Total financial assets	36,894.6	2,974.9	124.0	197.7	2,633.3	1,572.7	44,397.2
Total financial liabilities	45,020.1	2,824.9	116.6	399.9	20.1	1,614.0	49,995.5
Net on-balance sheet financial position	**(8,125.5)**	**149.9**	**7.5**	**(202.2)**	**2,613.2**	**(41.3)**	**(5,598.4)**
Net position of non-financial assets—liabilities	**4,898.8**	**194.8**	**(2.1)**	**3.4**	**—**	**293.7**	**5,388.8**
Off-balance sheet items	**2,928.9**	**(656.6)**	**(7.8)**	**193.2**	**(2,597.7)**	**85.6**	**(54.5)**
Currency position	**(297.8)**	**(311.9)**	**(2.4)**	**(5.5)**	**15.5**	**338.0**	**(264.1)**

Interest Rate Risk

Interest rate risk is the risk of a negative impact on our financial condition due to its exposure to changes in the interest rates markets. Accepting this risk is deemed an integral part of banking operations and can be an important source of profitability and increase in our value.

Changes in interest rates affect our results by changing the net interest income as well as the value of other interest sensitive income or expenses. Changes in interest rates also affect the value of our assets and liabilities because the present value of future cash flows (and in some cases, the cash flows themselves) changes when interest rates change. Consequently, an effective risk management process that assesses, monitors and helps maintain the interest rate risk within acceptable levels (through effective hedging, where deemed required) is essential to our financial safety and soundness.

We apply an interest rate risk management policy, which provides for a variety of valuation techniques that are based on "Interest Rate Gap" analysis ("Interest Rate Gap Analysis"). According to this analysis, assets and liabilities are allocated to time periods *pro rata* to the rest of their duration until their maturity (case of fixed rate instruments) or according to the date of the next re-determination of their interest rate (case of floating rate instruments).

The table below summarises our exposure to interest rate risk according to the Interest Rate Gap Analysis. In cases where, for any claims or liabilities there is no regular contractual maturity date (open accounts) or interest rate determination date (current or savings deposits), they are allocated to the

time period for one month. Assets and liabilities in foreign currency are converted into euro using spot FX rates.

(€ in thousands)	As at 31 December 2012						
	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
Assets							
Cash and balances with the Central Bank	2,742.9	29.5	—	—	—	535.0	3,307.5
Loans and Advances to Credit Institutions	351.3	28.1	0.2	0.2	—	0.5	380.4
Trading securities	4.5	24.4	147.0	173.8	0.9	12.3	362.9
Reverse repos with customers	35.5	0.4	—	—	—	(0)	35.9
Financial instruments at fair value through profit or loss	—	—	—	—	—	7.8	7.8
Loans and advances to customers (net of provisions)	32,790.9	7,538.0	2,476.3	1,231.1	708.8	132.5	44,612.7
Debt securities-receivables	0.0	7,929.7	81.5	4.8	—	—	8,016.0
Investment securities	1,739.9	866.9	1,095.2	676.2	35.5	496.7	4,910.5
Other assets	14.6	2.9	29.0	46.8	9.3	2,474.6	2,577.3
Total financial assets	**37,679.7**	**16,420.0**	**3,829.2**	**2,133.0**	**754.5**	**3,394.6**	**64,210.9**
Liabilities							
Liabilities to credit institutions	32,274.1	193.4	87.1	6.7	0.0	—	32,561.3
Liabilities to customers	24,190.4	5,658.6	6,156.8	690.1	0.8	274.5	36,971.2
Liabilities at fair value through profit or loss	9.2	0.2	11.7	—	0.9	—	22.0
Debt securities in issue	301.9	231.1	0.2	0.5	—	—	533.7
Hybrid capital and other borrowed funds	324.1	—	—	—	—	—	324.1
Other liabilities	17.2	4.8	73.8	79.0	176.4	684.5	1,035.7
Total financial liabilities	**57,117.0**	**6,088.0**	**6,329.6**	**776.4**	**178.0**	**959.1**	**71,448.0**
Net notional amount of derivative financial instruments	**(15.3)**	**237.4**	**(44.6)**	**9.5**	**(60.2)**	**—**	**126.8**
Total interest rate gap	**(19,452.6)**	**10,569.3**	**(2,545.0)**	**1,366.2**	**516.3**	**2,435.5**	**(7,110.3)**
As at 31 December 2011							
Total financial assets	25,258.4	8,176.2	4,442.3	2,473.1	2,445.9	1,222.1	44,017.9
Total financial liabilities	39,166.4	5,671.4	2,895.5	1,060.5	274.1	575.7	49,643.5
Net notional amount of derivative financial instruments	132.2	705.5	(119.1)	(478.0)	(264.3)	—	(23.8)
Total interest rate gap	**(13,775.7)**	**3,210.3**	**1,427.7**	**934.6**	**1,907.4**	**646.4**	**(5,649.4)**

Interest Rate Gap Analysis allows the evaluation of interest rate risk through the "Earnings-at-Risk" index, which denotes the negative effect on the foreseen annual interest income, as a result of a parallel shift in interest rates for all currencies considered.

In addition, we calculate the change in the net present value of balance-sheet items in response to a change in interest rates, assuming parallel yield curve shifts.

Furthermore, in our interest rate evaluation we assess the change in the net present value of assets with respect to a change in the interest rates by 100 basis points. We have adopted appropriate limits that we regularly assess for PV 100 and "Earnings-at-Risk".

We also assess on a regular basis, the impact of a change in the credit spread, for government issuers and corporate issuers, on our bond portfolio.

We evaluate potential financial losses in relation to stressful conditions in interest rate markets. Possible stress scenarios include abrupt changes in the level of interest rates, changes in the slope and shape of the yield curves, or changes in the volatility of market rates.

Liquidity Risk

We acknowledge that, in order to be able to meet liabilities promptly and without losses, it is essential to effectively manage liquidity risk.

Liquidity risk is defined as the risk of a financial institution that will not be able to meet its obligations as they become due, because of lack of the required liquidity.

A liquidity risk management policy is applied in all our units. This policy is adjusted to internationally applied practices and regulatory environments and adapted to our specific activities and organisational structure.

The policy specifies the principal liquidity risk assessment definitions and methods, defines the roles and responsibilities of the units and staff involved and sets out the guidelines for liquidity crisis management. The policy is focused on the liquidity needs expected to emerge, in a week's or month's time, on the basis of hypothetical liquidity crisis scenarios.

Furthermore, the policy defines a contingency funding plan to be used in the case of a liquidity crisis. Such a crisis can take place either due to an event specific to us or a general market event. Triggers and warning signals serve as indicators of when the contingency plan should be put into operation.

In addition, we calculate and monitor the liquidity ratios, "Liquid Assets/Total Liabilities" and "Net Current Assets/Total Liabilities", as they are defined in the Bank of Greece Governor's Act 2614/ 07.04.2009, which refers to the supervision framework of banks' liquidity adequacy by the Bank of Greece.

The liquidity ratios are calculated on a solo, as well as on a consolidated basis and submitted to the Bank of Greece every three months. Consolidation includes only the credit institutions of the Group.

The levels of these particular ratios are daily communicated to the responsible business units, and comments, as well as respective assessments of the Market & Operational Risk Management Division, are included in the reporting package to the members of the Asset-Liability Committee (ALCO). The levels of the ratios are also disclosed, on a monthly basis, to the Financial Services Authority (F.S.A.) of Great Britain.

Means as the maintenance of liquid securities portfolios, the expansion of diversified core deposits (i.e., saving accounts), and competitive term deposits were taken in order to mitigate liquidity risk.

Through the ATEbank Acquisition, we greatly improved the combination of funding sources, while at the same time our deposits base was further extended and diversified. Furthermore, we acquired liquidity through EFSF notes amounting to €7,300 million in order to cover the funding gap of the ATEbank Acquisition.

In addition, we implemented the provisions of Law 3723/2008 "providing enhanced liquidity to the economy". More specifically, we have drawn liquidity through the issuance of preferred stocks (Pillar I), received guarantees (Pillar II) and special bonds (Pillar III) from the Hellenic Republic with a nominal value of €12,380 million. Access to the ECB's and Bank of Greece's refinancing operations for our assets (bonds, loans) has significantly contributed in maintaining the levels of liquidity.

Under the recapitalisation framework, we have received EFSF notes in an aggregate principal amount of €6,253 million.

In general, liquidity management is a matter of balancing cash flows within forward rolling time bands, so that under normal conditions, we are comfortably placed to meet all its payment obligations as they fall due. For this purpose, we use the liquidity gap analysis which provides an overview of the expected cash flows, arising from all balance sheet items assigned and aggregated into time bands according to when they occur.

The assumptions made are that scheduled payments to us are honoured in full and on time and in addition, all contractual payments are discharged in full, e.g. depositors will withdraw their money rather than roll it over on maturity. Those assets and liabilities lacking actual maturities (e.g. open accounts, sight deposits, or savings accounts) are assigned to the time band "up to 1 month".

Non-Derivative Cash Flows

The table below presents, at the balance sheet date, the cash flows payable by us under non-derivative financial liabilities by the remaining contractual maturities. The amounts mentioned are the contractual undiscounted cash flows. We manage liquidity risk according to the estimated undiscounted cash flows. Liabilities in foreign currency have been translated into euro based on the current foreign currency exchange rates.

	As at 31 December 2012					
(€ in thousands)	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Liabilities liquidity						
Liabilities to credit institutions	32,083.8	72.8	18.5	388.8	22.5	32,586.4
Liabilities to customers	24,497.8	5,790.2	6,310.6	717.9	3.5	37,319.9
Liabilities at fair value through profit or loss	9.2	0.2	11.9	—	1.8	23.1
Debt securities in issue	0.7	15.9	3.4	521.2	—	541.2
Other borrowed funds	0.4	—	4.8	281.4	—	286.5
Hybrid capital	0.2	—	0.8	5.0	100.3	106.3
Other liabilities	100.6	47.6	116.2	118.0	891.9	1,274.2
Total liabilities (contractual maturity dates)	**56,692.7**	**5,926.7**	**6,466.1**	**2,032.3**	**1,019.9**	**72,137.8**
Total assets (expected maturity dates)	**19,186.1**	**5,424.8**	**7,172.6**	**15,056.5**	**23,302.7**	**70,142.7**

	As at 31 December 2011					
	Up to 1 month	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Liabilities liquidity						
Liabilities to credit institutions	24,436.6	287.5	29.7	734.8	24.3	25,512.9
Liabilities to customers	14,276.1	4,647.0	2,565.2	506.1	5.8	22,000.3
Liabilities at fair value through profit or loss	3.3	7.1	6.9	0.1	1.1	18.5
Debt securities in issue	3.9	47.1	401.2	861.7	0.0	1,313.9
Other borrowed funds	3.0	—	13.6	380.1	—	396.7
Hybrid capital	1.2	—	3.8	167.3	—	172.3
Other liabilities	94.4	57.1	294.9	37.1	241.7	725.3
Total liabilities (contractual maturity dates)	**38,818.6**	**5,045.9**	**3,315.3**	**2,687.1**	**272.8**	**50,139.7**
Total assets (expected maturity dates)	**10,036.4**	**3,380.4**	**7,684.1**	**14,314.5**	**19,177.5**	**54,592.9**

Derivative Cash Flows

Derivative Settled on a Net Basis

Our derivatives will be settled on a net basis include: a) foreign exchange derivatives: over-the-counter (OTC) currency options, currency futures, and exchange traded currency options; and b) interest rate derivatives: interest rate swaps, forward rate agreements, OTC interest rate options, other interest rate contracts, exchange traded interest rate futures and exchange traded interest rate options.

The table below analyses, at the balance sheet date, the contractual undiscounted cash flows of derivative financial assets and liabilities that will be settled on a net basis, based on their remaining period according to the contract.

	As at 31 December 2012					
(€ in thousands)	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Derivatives held for trading						
—Foreign exchange derivatives	0.1	0.1	0.1	—	0.0	0.2
—Interest rate derivatives	1.4	2.3	(4.5)	3.9	13.1	16.3
—Other derivatives	—	0.0	—	—	—	0.0
Derivatives held for fair value hedging	—	—	—	—	—	
—Foreign exchange derivatives	1.4	0.5	—	—	—	1.8
—Interest rate derivatives	1.4	0.5	(0.2)	—	—	1.7
Total	**4.3**	**3.4**	**(4.6)**	**3.9**	**13.1**	**20.1**
As at 31 December 2011						
Derivatives held for trading						
—Foreign exchange derivatives	0.0	—	—	—	—	0.0
—Interest rate derivatives	0.6	9.9	(28.8)	(49.0)	13.5	(53.9)
Derivatives held for fair value hedging						
—Interest rate derivatives	—	—	(1.8)	(8.3)	(2.7)	(12.8)
Total	**0.6**	**9.9**	**(30.6)**	**(57.3)**	**10.8**	**(66.7)**

Derivatives Settled on a Gross Basis

Our derivatives that will be settled on a gross basis include: a) foreign exchange derivatives: currency forward, currency swaps, b) interest rate derivatives: cross currency interest rate swaps and c) options.

The table below analyses, at balance sheet date, the derivative financial instruments (both derivative assets and derivative liabilities) that will be settled on a gross basis based on their remaining period according to the contract. The total pay leg (outflow) and receive leg (inflow) for each type of derivative and for each maturity group are disclosed at their contractual undiscounted amounts.

As at 31 December 2012 (€ in millions)	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Derivatives held for trading						
Foreign exchange derivatives						
Outflow	(2,251.4)	(1,188.2)	(13.3)	(1,454.7)	(373.0)	(5,280.6)
Inflow	2,253.8	1,190.1	13.4	1,423.1	371.4	5,251.8

As at 31 December 2011 (€ in millions)	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Derivatives held for trading						
Foreign exchange derivatives						
Outflow	(5,807.5)	(60.1)	(27.6)	(840.8)	—	(6,736.0)
Inflow	5,797.8	57.8	33.2	801.5	—	6,690.3

Fair Values of Financial Assets and Liabilities

Financial Assets and Liabilities Not Held at Fair Value

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

	Carrying Value		Fair Value	
(€ in millions)	As at 31 December 2011	As at 31 December 2012	As at 31 December 2011	As at 31 December 2012
Financial assets				
Loans and Advances to Credit Institutions	316.1	380.4	316.1	380.4
Loans and advances to customers (net of provisions)	34,005.6	44,612.7	34,067.1	44,566.2
—Loans to individuals	9,873.2	16,118.7	9,873.2	16,102.9
—Loans to corporate entities	24,132.4	28,494.0	24,193.9	28,463.3
Debt securities-receivables	1,628.2	8,016.0	1,165.8	7,664.6
Reverse repos with customers	57.4	35.9	57.3	35.9
Investment securities held to maturity	1,249.8	74.0	1,374.8	74.0
Financial liabilities				
Due to credit institutions	25,413.6	32,561.3	25,416.7	32,562.8
Due to customers	21,795.7	36,971.2	21,789.1	36,970.6
Debt securities in issue	1,268.0	533.7	901.9	389.2
Hybrid capital and other borrowed funds	499.0	324.1	232.9	154.8

The fair value for the year 2012 of loans and advances to credit institutions, loans and advances to customers (net of provisions), repurchase agreements, due to credit institutions and due to customers which are measured at amortised cost, are not materially different from the respective carrying values since they bear mainly floating interest rates and as a result are re-priced at regular time periods.

Fair value from held to maturity investment securities and debt securities-receivables is estimated using quoted market prices. Where this information is not available, fair value has been estimated using quoted market prices for 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 this information is not available, fair value has been estimated using quoted market prices for securities with similar credit, maturity and yield 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.

Financial assets and liabilities held at fair value:

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources. Unobservable inputs reflect our 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, bonds and treasury bills. Input parameters are based on yield curves or data from reliable sources (Bloomberg, Reuters).
- Level 3—Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes shares and bonds not quoted in active markets and with no similar products quoted in respective active markets.

This hierarchy requires the use of observable market data when available. We consider relevant and observable market prices in its valuations where possible.

The following tables present financial assets and liabilities measured at fair value, categorised in the three levels mentioned above, reconciliation of level 3 items for the year 2012 and sensitivity analysis:

(€ in millions)	Level 1	Level 2	Level 3	Total
Financial Assets				
Derivative financial instruments—assets	0.3	441.0	—	441.3
Trading securities	—			
—Trading bonds	254.2	75.1	—	329.3
—Trading treasury bills	21.3	—	—	21.3
—Shares & other variable income securities	12.2	0.1	—	12.3
Financial assets at fair value through profit or loss	—			
—Shares & other variable income securities	7.8	—	—	7.8
Available For Sale Securities	—			
—Trading bonds	1,042.4	291.1	—	1,333.5
—Shares & other variable income securities	222.7	4.6	269.4	496.7
—Trading treasury bills	2,593.1	413.1	—	3,006.2
Financial liabilities	—			
Liabilities at fair value through profit or loss	21.9	—	—	21.9
Derivative financial instruments—liabilities	1.1	422.4	—	423.5

(€ in millions)		Shares & Other variable Income securities
Reconciliation of Level 3 items		
Opening Balance		348.8
Profit/ (loss) for the period		1.8
Purchases and share capital increases		0.2
Impairment		(70.2)
Disposals		(9.2)
Foreign exchange differences		(0.5)
Other Total Income		(0.7)
Transfers		(0.8)
Total		269.4
Sensitivity Analysis of Level 3 measurements to alternative assumptions, reflected in:	Favourable changes	Unfavourable changes
Profit or Loss Statement	—	(58.6)
Available for Sale Securities Equity Statement		
Available for Sale Shares	8.7	—

Operational Risk

We acknowledge our exposure to operational risk deriving from its daily operations and from the implementation of its business and strategic objectives. In 2012, we proceeded with the comprehensive implementation of the Operational Risk Management Framework across our units and subsidiaries. Currently, we are integrating ATEbank and Geniki Bank S.A. into our Operational Risk management Framework. The aforementioned framework covers the identification, assessment, quantification, monitoring and mitigation of operational risk. The continuous development of the framework enhances the timely and effective support to the business function and to the fulfilment of the regulatory requirements.

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

- Operational risk is assumed and managed locally, on a unit level, as close-by as possible to the source of the risk. The implementation of the framework at Group level is supervised and coordinated centrally by the Market and Operational Risk Management Division.

- The Operational Risk Management framework:
  - Includes documented methodologies and procedures and its scope extends to all of our business activities and support functions.
  - Promotes a common culture of risk awareness and provides clear roles and responsibilities as well as sufficient training and skills to all employees involved.
  - Ensures the systematic monitoring of the relevant data (including loss data).
  - Is regularly reviewed and adjusted in accordance with our activities and risk profile.

By implementing the Operational Risk Management Framework across our activities, we aim to achieve business and strategic goals, including:

- improvement of our operations and Internal Control System;
- minimisation of financial losses caused by operational risk incidents;
- enhancement of employee efficiency and reduction of operating costs;
- prevention of unexpected and severe losses from potential operational risk incidents; and
- harmonisation with the current best practices and regulatory requirements.

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

With regard to the identification, assessment, monitoring and mitigation of operational risk, the annual implementation of the Risk and Control Self-Assessment (RCSA) methodology is under way at all our business and support units. Furthermore, in 2012, the Loss Data Collection methodology was implemented to collect internal data on actual losses caused by operational risk incidents. These losses were allocated and mapped to nine regulatory Business Lines and seven Loss Event Type Categories.

As part of the continuing development of the Operational Risk Management Framework in 2012 we implemented significant measures with respect to the maintenance and update of the operational risk policy and the evaluation of potential risks. Additionally, a team for the evaluation of the operational risk was set to provide for a more efficient monitoring.

In order to mitigate operational risk, we have adopted suitable approaches and qualitative and quantitative techniques, which are summarised as follows:

- Internal Control System. We monitor systematically the adequacy and effectiveness of the existing Internal Control System and take immediate actions, as required, to constantly manage and mitigate operational risk. At the same time, we use appropriate early warning mechanisms to control the consistent implementation of the Internal Control System in our units, as well as the full compliance of all involved parties with the principles and objectives of the International Control System. The Internal Auditor, the Audit Committee and the Internal Audit Division are responsible for monitoring compliance with the Internal Control System. We evaluate the adequacy and effectiveness of the Internal Control System on an annual basis and design the strategy for its improvement based on a report submitted by the Bank's management and after observations of the Audit Committee. We assign the evaluation of the adequacy of the Internal Control System to independent auditors, at least every three years. The relevant evaluation report is submitted to the Bank of Greece within the first six months of the year after the completion of three years.
- Insurance Coverage. We acknowledge that insurance policies serve as an efficient operational risk mitigating technique. According to the current insurance framework, which is annually reviewed these policies cover partial or total recovery of the actual losses induced by operational risk incidents.
- Human Resources Training. We provide our people with complete information and training in operational risk issues, thus making them more knowledgeable of and sensitive to the management and mitigation of this risk. An indicative sample of these activities includes:
  - Educational programmes on the implementation of the Operational Risk Management framework.

- Specialised training programmes on mitigation of external fraud (e.g. authenticity of bank notes and customer documents, dealing with robberies) including anti-money laundering and combating financing of terrorism.
- Effective use of the intranet for fast dissemination of critical information and instructions.
- Business Continuity Plan. We have proceeded to the development and implementation of a comprehensive business continuity plan, in order to minimise potential negative effects of crisis situations on our activities. This plan, coupled with the disaster recovery site, ensures continuity of operations in all its business units and entities, effective management of operational risk and full alignment with the regulatory framework.

Fiduciary Activities

We provide custody services to third parties for a wide range of financial instruments. These services include procedures such as safekeeping of securities, clearing and settlement of securities transactions in the Greek market and abroad, execution of corporate actions, income collection etc. on behalf of individuals and companies. Those assets and income arising thereon are not included in our consolidated financial statements. The above-mentioned services give rise only to operational risk.

MANAGEMENT AND CORPORATE GOVERNANCE

Our Board of Directors and Senior Management

According to Article 15 of our Articles of Association, we are represented by the Board of Directors. In accordance with Article 16 of our Articles of Association, the Board may delegate our representation by resolution in writing as well as the exercise of all or certain of its powers or competencies, except those requiring collective action, to one or more persons, who may or may not be members of the Board of Directors, determining at the same time the extent of the powers that are assigned to them.

The term of office of the members of the present Board of Directors is three years and expires on 29 June 2015.

According to Article 8 of our Articles of Association, we are governed by a Board of Directors which consists of between 9 and 19 members. At the general meeting of shareholders, our shareholders may elect as members of the Board persons who are not shareholders of the Bank. The term of office of the Board of Directors is extended up to the ordinary meeting of the year of expiry of its term. Members of the Board may always be re-elected.

The Board of Directors represents the Bank and has unlimited authority to decide on any issue in relation to the Bank's management, the management of the Bank's assets and satisfaction of the Bank's objectives, in general. The Board of Directors is not entitled to decide on any issue which falls into the exclusive jurisdiction of the general assembly according to our Articles of Association or the law.

If a member of the Board of Directors resigns, dies or in any way fails to execute his or her duties, or his or her duties are revoked by the Board of Directors because of unreasonable failure to participate to the Board's meetings for three consecutive months, the Board of Directors may continue to manage and represent the Bank without replacing the missing members if the remaining members number at least nine. If there are fewer than nine members of the Board of Directors, the Board has to elect new members for the remaining tenure of the missing member until the Board consists of nine members. The decision for such election is to be published according to Article 7b of Law 2190/1920, and announced at the next general meeting by the Board of Directors.

The Board of Directors, after its election, appoints its Chairman, one or more Vice Chairmen and its Directors from among its members.

According to the Internal Rules of Corporate Governance and Operation of the Bank, the members of the Board of Directors are primarily responsible for enhancing the long-term financial value of the Bank and protecting its corporate interest in general. The members of the Board of Directors are also responsible for the preparation and adoption of a Business Strategy Plan for at least a one-year period for the Bank and the Group.

The Board of Directors includes 11 non-executive members, of whom Messrs. Georgios P. Alexandridis, Theodoros P. Mylonas and Stylianos D. Golemis are independent non-executive members, in accordance with the provisions of Law 3016/2002 on corporate governance.

In the context of our participation in the capital adequacy pillar of the Hellenic Republic's bank support plan established by Law 3723/2008, the Greek government appointed Mr. Athanasios Tsoumas as its representative on the Board of Directors. Mr. Tsoumas's responsibilities are set out in the relevant legislation. See "Description of Share Capital—Special Preference Shares of Law 3723/2008".

Additionally, the Board appointed Mr. Solomon Berahas and Mrs. Aikaterini Beritsi as representatives of the Hellenic Financial Stability Fund, according to Law 3864/2010.

The composition of our Board of Directors, which was elected by the ordinary general meeting of the shareholders on 29 June 2012, after the resignation of a member of the Board of Directors, and convened on 7 December 2012, is as follows:

Full Name	Capacity	Profession	Address	Date of 1st Appointment
Michael G. Sallas	Chairman of the Board of Directors; Non-Executive Member		Piraeus Bank S.A., 4 Amerikis St., 105 64, Athens	19 December 1991
Executive Members				
Stavros M. Lekkakos	Managing Director and CEO (Chief Executive Officer)—Executive Member		Piraeus Bank S.A., 4 Amerikis St., 105 64, Athens	22 March 2006
Anthimos K. Thomopoulos .	Managing Director and Deputy CEO (Deputy Chief Executive Officer)—Executive Member		Piraeus Bank S.A., 4 Amerikis St., 105 64, Athens	7 December 2012
Christodoulos G. Antoniadis	Deputy Managing Director—Executive Member		Piraeus Bank S.A., 4 Amerikis St., 105 64, Athens	28 March 2007
Ilias D. Milis	Deputy Managing Director—Executive Member		Piraeus Bank S.A., 4 Amerikis St., 105 64, Athens	3 June 2008
Spyridon A. Papaspyrou . . .	Deputy Managing Director—Executive Member		Piraeus Bank S.A., 4 Amerikis St., 105 64, Athens	3 June 2008
Non-Executive Vice-Chairmen				
Iakovos G. Georganas	First Vice-Chairman of the Board of Directors—Non-Executive Member		Piraeus Bank S.A., 4 Amerikis St., 105 64, Athens	23 December 1991
Panagiotis V. Roumeliotis . .	Vice-Chairman of the Board of Directors—Non-Executive Member	Financial Consultant	Piraeus Bank S.A., 4 Amerikis St., 105 64, Athens	18 January 2012
Non-Executive Members				
Georgios P. Alexandridis . . .	Member of the Board of Directors—Independent Non-Executive Member	Economist	Vardinogiannis Group, 12A Irodou Attikou, 151 24, Marousi	11 March 1999
Charikleia A. Apalagaki . . .	Member of Board of Directors—Non-Executive Member	Piraeus Bank Legal Adviser—Chairperson of the Legal Council	Piraeus Bank S.A., 4 Amerikis St., 105 64, Athens	12 April 2006
Eftichios Th. Vassilakis	Member of Board of Directors—Non-Executive Member	Economist	Vassilakis Group Viltanioti 31, 145 64 Kifissia	19 June 1996
Stylianos D. Golemis	Member of Board of Directors—Independent Non-Executive Member	Economist	Goldair, 1st km of Peania—Markopoulo Avenue, 19002, Peania	18 December 1996
Theodoros P. Mylonas	Member of Board of Directors—Independent Non-Executive Member	Economist	Piraeus Bank S.A., 4 Amerikis St., 105 64, Athens	26 March 2008
Vasileios S. Fourlis	Member of Board of Directors—Non-Executive Member	Businessman	Fourli Bros. A.E.B.E. Limited Commercial Industrial Company, 340 Kifisias Avenue, 154 51 N. Psychiko	29 January 1992
Jiři J. Šmejc	Member of Board of Directors—Non-Executive Member		Na Viničnich Horách 1382/10, 160 00, Prague 6, Czech Republic	18 May 2011
Konstantin P. Yanakov	Member of Board of Directors—Non-Executive Member		22-288 Kutuzovsky Prospect, Moscow, 121151 Russian Federation	18 May 2011

Corporate Governance

The organisational structure of the Bank complies with the applicable framework governing the operation of credit institutions and is structured to be responsive to the requirements of our main business areas. We place particular emphasis on: (i) compliance with applicable legal and regulatory provisions and the adoption of the best international principles of good corporate governance, (ii) the creation of a framework for the self-regulation of the Bank's operations, including the establishment of binding rules for senior management and our employees which complement the applicable regulatory

framework and are implemented with a view of strengthening the good governance and operation of the Bank; and (iii) the safeguarding of transparency, the integrity and the efficiency of our existing system of corporate governance and internal control. The organisation and operation of the Bank complies with applicable Greek laws on corporate governance.

Our Articles of Association do not contain provisions relating to the notification of participation in our share capital. Nevertheless, our internal regulations on corporate governance and operations contain provisions for our compliance with Law 3340/2005 and Law 3556/2007 and the relevant decision of the HCMC.

Full Name	Capacity	Profession	Address	Date of 1st Appointment
Athanasios A. Tsoumas	Representative of the Hellenic Republic		Piraeus Bank S.A., 4 Amerikis St., 105 64, Athens	14 July 2010
Solomou A. Berahas	Representative of the Hellenic Financial Stability Fund		Piraeus Bank S.A., 4 Amerikis St., 105 64, Athens	30 May 2012
Aikaterini K. Beritsi	Representative of the Hellenic Financial Stability Fund		Piraeus Bank S.A., 4 Amerikis St., 105 64, Athens	30 May 2012

Administrative, Management and Supervisory Bodies and Senior Executive Officers

The administrative, management and supervisory bodies of the Bank are the Board of Directors, the Group Executive Committee, the Audit Committee, the Remuneration Committee, the Risk Management Committee, the Succession and Nomination Committee of Board Members, and the Strategic Planning Committee.

The members of the Strategic Planning Committee and the Group Executive Committee are the senior officers of the Bank.

Senior Management—Executive Officers

The following table presents the structure of our senior management and the names of our senior executives:

Full Name	Capacity
Stavros M. Lekkakos	Managing Director and CEO
Anthimos K. Thomopoulos	Managing Director and Deputy CEO
Christodoulos G. Antoniadis	Deputy Managing Director
Ilias D. Milis	Deputy Managing Director
Spyridon A. Papaspyrou	Deputy Managing Director

Biographical information for each of the members of the Board of Directors and the Group Executive Committee is set out below.

Members of Our Board of Directors

Michael G. Sallas, Chairman of the Board of Directors: Mr. Michael Sallas is Chairman and a Non-Executive Member of our Board of Directors and Chairman of the Succession and Nomination Committee of Board Members and the Strategic Planning Committee. The development course of Piraeus Bank began in December 1991, when Mr. Sallas, leading a group of distinguished Greek entrepreneurs, took over Piraeus Bank from the public sector. Mr. Sallas was born in Heraclion, Crete in 1950. He studied Economic Science at the Athens University and obtained his PhD from the University of Heidelberg. Following that, he worked as a scientific associate in the Institute for International Comparative Statistics at the University of Heidelberg. From 1983 to 1997 he was a professor of Econometrics at the Panteion University in Athens. From 1984 to 1991 he played an active role in the deregulation, modernisation and development of the Greek market, particularly of the financial sector, in which he held various positions. He served as Secretary General of the Ministry of Commerce, Governor of the Hellenic Industrial Development Bank, Chairman of the Capital Markets Committee and Chairman of the first Committee for the Modernisation of the Hellenic Banking System, as well as member of the board of directors of the Hellenic Bank Association from 1987 to 1988 and 1998 to 2007.

Stavros M. Lekkakos, Managing Director and Chief Executive Officer (CEO): Mr. Stavros Lekkakos is a Managing Director, our CEO and a member of the Risk Management Committee and the Strategic Planning Committee. He also serves as Chairman of the Group Executive Committee. Mr. Lekkakos was born in 1952 and studied Economics at the Athens University. His career began in 1968, when he worked for American Express in Greece. In 1992, he joined Piraeus Bank, where he was appointed Group General Manager in 1998 and successfully administered the mergers of several Greek banks which were acquired by Piraeus Bank. Within this framework, he held the position of General Manager of Macedonia Thrace Bank in 1998 and ETBA Bank in 2001, from which he worked on the preparation of the absorption of the respective banks. On 1 April 2006, he assumed the responsibilities of Chairman and Managing Director of Piraeus Bank Romania, until June 2008. During this period, the Bank's network expanded and profits increased. Mr. Lekkakos remains Chairman of Piraeus Bank Romania and Piraeus Bank Beograd, as well as a board member of various subsidiary companies of the Bank in Greece and internationally. He is also a member of the Presidium of the Hellenic Bank Association and as well as Chairman of the insurance company European Reliance.

Anthimos K. Thomopoulos, Managing Director and Deputy Chief Executive Officer (Deputy CEO): Mr. Anthimos Thomopoulos is an Executive member of our Board of Directors, a Managing Director and Deputy CEO, a member of the Risk Management Committee and the Strategic Planning Committee and Deputy Chairman of the Group Executive Committee. Mr. Thomopoulos is responsible for Corporate and Investment Banking, Treasury and Capital Markets, Asset Management, Domestic Subsidiaries Holding and Real Estate Management of Piraeus Bank Group. He holds an MA in Electrical Engineering and postgraduate degrees in Finance and Computer Science. He is a qualified Chartered Accountant with the Institute of Chartered Accountants in England and Wales and a CFA charter holder. Before joining Piraeus Bank, Mr. Thomopoulos served in a number of positions at the National Bank of Greece. Among others, he served as Group CFO, Group CFO and COO and, as of November 2010, Group Deputy CEO. During his tenure at the National Bank of Greece, he was involved in the restructuring of the Group and its expansion in the neighbouring countries of SEE and Turkey through organic growth and targeted mergers and acquisitions, spearheading the Group's post-acquisition integration efforts. Before joining the National Bank of Greece, Mr. Thomopoulos was a senior corporate finance partner of KPMG in London and Athens, specialising in banking and finance. In this capacity, he served as adviser to large North American and European financial institutions on strategy, mergers and acquisitions and post-acquisition integration.

Christodoulos G. Antoniadis, Deputy Managing Director: Mr. Christodoulos Antoniadis is an executive member of our Board of Directors, Deputy Managing Director and a member of the Risk Management Committee and the Group Executive Committee. Mr. Antoniadis is responsible for our retail branch network in Greece, our Business Centres' branch network, Green Banking and Business Loan Restructuring. He was born in Aidonochori, Serres in 1955. He is a graduate of the Law School of the Aristotle University of Thessaloniki and specialised in Public Law. He started his career at Emporiki Bank, where he worked for 19 years. He joined Piraeus Bank in 1992, serving first as Regional Manager, then as Deputy Head of the Branch Network Division, responsible for Northern Greece operations, before holding the position of Assistant General Manager for the development of Piraeus Bank's and its subsidiaries' operations in the same region, and ultimately, Deputy General Manager. In September 2003, he assumed his duties as General Manager of Piraeus Bank's Northern Greece branch network, with the additional responsibility of the overall coordination of Piraeus Bank's and Piraeus Group's presence in Northern Greece, while in October 2007 he undertook the overall supervision of the Retail Branch Network in Greece. He is member of Piraeus Bank subsidiaries' Boards of Directors and affiliated companies. He is also member of the Thessaloniki Stock Exchange Centre as well as Thessaloniki Port Authority S.A.

Ilias D. Milis, Deputy Managing Director: Mr. Ilias Milis is an Executive Member of our Board of Directors, Deputy Managing Director, and a member of the Risk Management Committee and the Group Executive Committee. Mr. Milis supervises our International Banking unit. He was born in Elaiohori of Arkadia in 1955 and he is a graduate of Economic Science of Athens University. He holds an MBA in Economics from the University of Alberta, Canada. He started his career in 1984 at the Ministry of Research and Technology, assessing investment programs. Following that, he worked at Ionian Bank for eight years in managerial positions in the Credit and Marketing Division. Since 1993, he has been with Piraeus Bank, first as Director of the Credit Division and then as Regional Manager, Director of Corporate Banking and General Manager of the Southern Greece branch network.

Mr. Milis is also Chairman of Piraeus Bank subsidiaries in Albania, Bulgaria, Serbia and Egypt as well as a board member of Piraeus Bank subsidiaries in Cyprus, Romania and Ukraine.

Spyridon A. Papaspyrou, Deputy Managing Director: Mr. Spyridon Papaspyrou is Deputy Managing Director and an executive member of our Board of Directors. He is a member of the Risk Management Committee and the Group Executive Committee. Mr. Papaspyrou supervises our Retail Banking, Small Enterprises & Professionals Segment, Insurance Services, Asset Management & Private Equity, Electronic Banking and Retail Loan Restructuring business units. He is a member of the board of directors of VISA EUROPE, as a representative of the group of countries Greece, Portugal, Israel, Cyprus and Malta and a member of the Executive Committee of the Hellenic Bank Association. Mr. Papaspyrou was born in 1960 and is a graduate of Aston University with an MBA in finance and business administration. He began his career at Citibank in 1986, where he stayed for five years, in managerial positions in the field of credit cards. He then served (1991–1996) Interfinance / Interamerican Cards of Interamerican Group as Managing Director. From 1996 to 1998, he cooperated with Marinopoulos Group for the development of banking business and credit programmes. From 1998 to 2002 he was with the National Bank of Greece. He held the position of Managing Director of National Management & Organisation Co. and headed that group's Commercial Division. In 2002, he became Deputy General Manager of Retail Lending at Eurobank Ergasias. He joined Piraeus Bank Group in 2004.

Iakovos G. Georganas, Non-Executive First Vice-Chairman of the Board: Mr. Iakovos Georganas is the Non-Executive First Vice-Chairman of our Board of Directors and a member of the Succession and Nomination Committee of Board Members, the Risk Management Committee and the Assets and Liabilities Committee (ALCO). He was Executive Vice Chairman of our Board of Directors from January 1992 until May 2004. He is also Chairman of Hellenic Exchanges S.A., as well as a non-executive member of the board of directors of Aegean Airlines, Hellenic Cables S.A. and C&I S.A. Mr. Georganas studied at the Graduate School of Economic and Commercial Sciences in Athens (Business Administration, 1955) and at Harvard Business School (Advanced Management Program, Spring 1979). In July 1958, he joined the Economic Development Financing Organisation. This wholly state-owned, for profit, long term-credit organisation evolved into the Hellenic Industrial Development Bank (ETBAbank). After 33 years of service, he left with the rank of First Deputy Governor in January 1991 and served as a Governor from 2002 to 2003. From January 1989 to January 1991, Mr. Georganas was Vice Chairman and member of the Capital Markets Commission, a member of the executive committee of the board of directors of the Hellenic Banks' Association, a member of the Committee of Long-Term Credit Institutions of the European Community as well as a member of the board of directors of the Hellenic Federation of Enterprises and of the Institute of Economic and Industrial Research (IOBE).

Panagiotis V. Roumeliotis, Non-Executive Vice-Chairman of the Board: Mr. Panagiotis Roumeliotis is Vice Chairman of our Board of Directors and a Non-Executive Board Member, Chairman of the Risk Management Committee and a member of the Strategic Planning Committee, while also supervising our International Economic Relations division as a Financial Management Consultant. He was born in Suez in Egypt in 1947. He holds a PhD (*doctorat 3ème cycle*) in Economics from the University of Paris I (Sorbonne) and a PhD (*doctorat d'État*) in Economics from the University of Paris II. He was a Professor of International and European Economics in the Department of International and European Studies of Panteion University, Director of the Institute of International Relations (IDIS) of Panteion University, President of the Institute of Economic Forecasting of the Euro-Mediterranean World (IPEMed—Institut de Prospective Economique du Monde Méditerranéen), as well as Visiting Professor at the Sorbonne. From March 2010 to December 2011 he served as Deputy Executive Director and Representative of Greece to the IMF. He has also served as Minister of Trade and Economic Affairs. In 1989, he was elected as a Member of the European Parliament, and in 1997, as a Special Representative to the Council of the European Union for the Stabilisation Process in the Balkans. From 2000 to 2001, he was Chairman of the Working Table on Democratisation, Human Rights and the Rights of the Minorities of the Stability Pact for Southeastern Europe.

Georgios P. Alexandridis, Independent Non-Executive Board Member and Member of the Audit Committee: Mr. Georgios Alexandridis is an independent non-executive member of our Board of Directors and a member of our Audit Committee. He is also a member of the board of directors of Motor Oil Hellas, Avin Oil S.A., Hotel & Tourism Services Varnikos S.A, and P.G.A. Shipping Company, as well as Capital Enterprises S.A. He has a B.Sc. degree in Economics from the Graduate School of Economics and Commercial Sciences (GSECS) in Athens.

Charikleia A. Apalagaki, Non-Executive Member of the Board of Directors, Legal Adviser, Chairperson of the Legal Council of the Bank and Member of the Audit Committee: Mrs. Charikleia Apalagaki is a non-executive member of our Board of Directors, our Legal Adviser, Chairperson of our Legal Council and a member of the Audit Committee. She joined Piraeus Bank Group in 2001. She was an adviser to the management of ETBAbank from 2002 to 2003. Mrs. Apalagaki was born in Heraklion, Crete in 1959. She studied law at the Law Faculty of Aristotle University of Thessaloniki. She fulfilled her postgraduate studies in Law at the University of Thessaloniki and the University of Hanover in Germany. In 1989, she was awarded a doctorate from the Aristotle University, where she has been a professor since 2005, teaching graduate and undergraduate courses in the field of Civil Procedure. In addition to her academic post, she is an instructor at the National School for the Judiciary, a member of the Hellenic Banks' Association Legal Council and a member of the Greek Association of Civil Procedure. She speaks German and English fluently and is a member of scientific bodies as well member of legislative work committees, both in Greece and internationally. Mrs Apalagaki has practised law in Thessaloniki since 1984. Her contribution to the theory of Civil Procedure consists of four monographs, two books and numerous articles and legal opinions published in Greece and abroad and participations in conferences and international fora.

Eftichios Th. Vassilakis, Non-Executive Board Member: Mr. Eftichios Vassilakis is a non-executive member of our Board of Directors. He is Vice President and Managing Director of Autohellas S.A.—Hertz and Vice President of Aegean Airlines. He is also a member of the board of directors of Fourlis S.A. and Titan S.A. Since 2011, he has been a member of Board of Directors of S.E.T.E. (Association of Greek Tourism Enterprises) and SEB (Association of Hellenic Industries). He has a B.Sc. degree in Economics from Yale University (1988) and an MBA from the Columbia Business School of New York (1991).

Stylianos D. Golemis, Independent Non-Executive Board Member: Mr. Stylianos Golemis is an Independent Non-Executive Member of our Board of Directors and Chairman of the Remuneration Committee. Since 1972, he has been Chairman of the Goldair Group, whose activities include air transport, tourism, cargo and logistics, as well as ground handling services. He studied economics at the University of Geneva and has a master's degree from the École Pratique des Hautes Études in Paris.

Theodoros P. Mylonas, Independent Non-Executive Member of the Board of Directors and Chairman of the Audit Committee: Mr. Theodoros Mylonas is an independent, non-executive member of our Board of Directors, Chairman of the Audit Committee, and a member of the Risk Management Committee, the Remuneration Committee, and the Committee for the Succession and Nomination of Board Members. He holds degrees in Political Science and Public Administration from Panteion University. He began his career with American Express Bank, where he worked for 29 years, mainly occupying managerial positions. From 1992 to 2005, he worked at Piraeus Bank as Retail Network Banking Manager, as Deputy General Manager, as General Manager and as Adviser to the Board of Directors. From the end of 2005 to the end of 2007, he held the position of Deputy Managing Director of Proton Bank, while in the interval from June 2006 to October 2006 he was Managing Director of Omega Bank.

Vasileios S. Fourlis, Non-Executive Board Member: Mr. Vasileios Fourlis is a non-executive member of our Board of Directors and a member of the Remuneration Committee and a member of the Succession and Nomination Committee of Board Members. He was born in Athens in 1960. He holds a master's degree in Economic Development and Regional Planning from the University of California, Berkeley and a master's degree in International Business from Boston University, Brussels. He is the Chairman of Fourlis Holding S.A. He is also a member of the board of directors of Titan S.A., OTE S.A. and Frigoglass S.A. In addition, Mr. Fourlis is a member of the Board of Directors of the Association of Hellenic Industries (SEV) and of the Hellenic Corporate Governance Council. In 2004 he received the "Businessman of the Year" Award from the President of the Hellenic Republic.

Jiři J. Šmejc, Non-Executive Board Member: Mr. Jiři Šmejc is a non-executive member of our Board of Directors. He was born in 1971. In 1999, Mr. Šmejc invested in the most successful Central European television station at that time, NOVA TV, a large part of which he also operationally managed and of which he eventually controlled 34%. After selling NOVA TV to CME, a U.S. company, for approximately US$1 billion, Mr. Šmejc merged his assets with investor Petr Kellner, as a result of which Mr. Šmejc became a co-owner of Petr Kellner's PPF Group, holding 5% of its share capital. In autumn 2005, Mr. Šmejc moved to Russia where he took management of Home Credit and Finance Bank and, consequently, all activities of PPF Group in the Russian Federation. From Home

Credit and Finance Bank, originally focused only on consumer credit at points of sale, Mr. Šmejc built up one of the largest retail banks in the Russian Federation. In 2012, Mr. Šmejc agreed with Petr Kellner on a separation of their common assets and he founded his own investment company, Emma Capital Limited. Based on their agreement, Mr. Šmejc continues to be responsible for Home Credit Group.

Konstantin P. Yanakov, Non-Executive Board Member: Mr. Konstantin Yanakov is a non-executive member of our Board of Directors. Mr. Yanakov is Vice President and Chief Financial Officer of ICT Group. Until 2005 he was Chief Financial Officer of Polymetal International PLC. Prior to that he held senior executive positions at MDM Bank and Bank Rossiyskiy Kredit. Mr. Yanakov is currently a member of the board of directors of Polymetal International PLC. Mr Yanakov holds an MBA degree from London Business School and a PhD in Economics from the State University of Management, Moscow. He graduated from State Academy of Finance, Moscow, with a degree in Global Economics. He was born in 1977.

Athanasios A. Tsoumas, Representative of the Greek Government: Mr. Tsoumas is the representative of the Greek Government on our Board of Directors, according to Law 3723/2008. Moreover, he is a member of the Board of Directors of the company EYDAP. He has been a member of the Board of Directors of OPEKEPE. Mr. Tsoumas holds a degree from the Agricultural University of Athens and from the Department of Economics of the University of Athens, at the postgraduate level. He has worked for a number of years as Director of Agricultural Credit and Director of Large Corporate at ATEbank. He has served as Chairman of ATEbank's Advisory Committee and as a regular member of the Central Advisory Committee of the Ministry of Finance for the National Development Law. Furthermore, he has acted as the representative of the Greek Banks Association to the National Council of Exports.

Compensation and Benefits

The following table presents the total compensation and benefits provided to the members of our Board of Directors and members of the Committees described below in 2012:

Name	Position	Regular compensation (€)
Michael G. Sallas	Chairman—Non-Executive member	174,000.00
Stavros M. Lekkakos	Managing Director and CEO—Executive member	164,000.00
Anthimos K. Thomopoulos	Managing Director and Deputy CEO—Executive member	12,916.49
Christodoulos G. Antoniadis	Deputy Managing Director—Executive member	140,000.00
Ilias D. Milis	Deputy Managing Director—Executive member	140,000.00
Spyridon A. Papaspyrou	Deputy Managing Director—Executive member	140,000.00
Iakovos G. Georganas	First Vice Chairman—Non-executive member	100,000.00
Panagiotis V. Roumeliotis	Vice Chairman—Non executive member	120,000.00
Georgios P. Alexandridis	Member of Board of Directors—Independent non-executive member	0.00
Charikleia A. Apalagaki	Member of Board of Directors—Non-executive member	120,000.00
Eftichios Th. Vassilakis	Member of Board of Directors—Non-executive member	0.00
Stylianos D. Golemis	Member of Board of Directors—Independent non-executive member	0.00
Theodoros P. Mylonas	Member of Board of Directors—Independent non-executive member	120,000.00
Vasileios S. Fourlis	Member of Board of Directors—Non-executive member	0.00
Jiři J. Šmejc	Member of Board of Directors—Non-executive member	0.00
Konstantin P. Yanakov	Member of Board of Directors—Non-executive member	0.00
Sophocles S. Frangos	Member of Strategic Planning Committee	85,852.50
Athanasios M. Arvanitis	Member of Strategic Planning Committee	99,211.56
Konstantinos Th. Georgiou	Member of Strategic Planning Committee	90,092.10
Georgios I. Poulopoulos	Member of Strategic Planning Committee—Member of the Group Executive Committee	96,330.20
Konstantinos S. Loizides	Member of the Group Executive Committee	154,666.62
Ioannis G. Sgourovassilakis	Member of the Group Executive Committee	90,250.60
Aikaterini K. Beritsi	Member of Audit Committee & Remuneration Committee	14,000.00
Solomon A. Berahas	Member of Risk Management Committee and Succession & Nomination of Board Members Committee	14,000.00
Alexandros S. Manos	Managing Director—Executive member	144,000.00
Ioannis V. Vardinoyiannis	Vice Chairman of Board of Directors—Non-executive member	0.00
Foteini A. Karamanli	Member of Board of Directors—Independent non-executive member	0.00

(1) Mr. Alexandros Manos resigned from the Board of Directors of the Bank on 7 December 2012 and Mr. Anthimos Thomopoulos was elected in his position.

(2) Mr. Ioannis Vardinoyannis resigned from the Board of Directors of the Bank on 29 June 2012.

(3) Mrs. Foteini Karamanli resigned from the Board of Directors of the Bank on 18 January 2012.

The total sum which the Bank and its subsidiaries provided for pensions, remuneration and/or similar benefits for the members of the administrational, managerial and supervisory bodies of the Bank for 2012 amounts to €21.0 million. Total potential remuneration from insurance contracts has been calculated in the aforementioned sum under the terms and conditions as then in force.

According to the management of the Piraeus Bank, in regard to the members of the administrative, managerial and supervisory bodies of the Bank, no contractual terms apply for the provision of benefits upon termination of their contractual relationship with the Bank and/or its subsidiaries, apart from the aforementioned remuneration.

The members of the Board of Directors and the members of the administrative, managerial and supervisory bodies do not receive any remuneration for their participation on the boards of directors of subsidiaries and/or other remuneration, with the exception of Mr. K. Loizides, who is remunerated by our subsidiary Piraeus Bank Cyprus Ltd.

The aforementioned persons have also been granted the right to use of a Bank-owned private car, mobile phone and corporate credit card pursuant to our standard compensation policy. There are fixed credit limits for all corporate credit cards.

Moreover, the Executive Members of our Board of Directors and the other management executives are covered for additional medical and hospital care by insurance contracts.

During 2009, no bonus was granted to the aforementioned persons. Pursuant to Law 3723/2008 which has been in force since 1 April 2009, the Bank has been required to limit maximum executive pay to the Chairman, the Managing Director, the Board, members, as well as general managers and their deputies, to that of the Governor of the Bank of Greece. Moreover, under the terms of the Hellenic Republic Bank Support Plan, as currently applicable, the Bank is prohibited from paying bonuses to the aforementioned persons.

The members of the Board of Directors, the members of the aforementioned committees and the general managers of Piraeus Bank and its subsidiaries are not provided with any additional compensation apart from the aforementioned compensation.

At the general meeting held on 29 June 2012, our shareholders approved the salaries, benefits and compensation of the members of the Board of Directors for the year 2011 and pre-approved the payment of compensation to the members of the Board of Directors for the year 2012.

The following table presents the number of our Ordinary Shares owned by the members of our Board of Directors, the Executive members of the administrative, managerial and supervisory bodies of

the Bank and the CEOs of the Bank as at 23 April 2013 taking into account the 10-for-1 reverse split (See "Summary—Recent Developments"):

Name	Position	Number of shares
Michael G. Sallas	Chairman—Non-Executive member	16,019,831
Stavros M. Lekkakos	Managing Director and C.E.O (Chief Executive Officer)—Executive member	1,244,277
Anthimos K. Thomopoulos . .	Managing Director and Deputy CEO—Executive member	—
Christodoulos G. Antoniadis .	Deputy Managing Director—Executive member	682,267
Ilias D. Milis	Deputy Managing Director—Executive member	724,084
Spyridon A. Papaspyrou	Deputy Managing Director—Executive member	464,658
Iakovos G. Georganas	First Vice Chairman—Non-executive member	2,191,366
Panagiotis V. Roumeliotis . . .	Vice Chairman—Non-executive member	—
Georgios P. Alexandridis	Member of Board of Directors—Independent non-executive member	958,893
Charikleia A. Apalagaki	Member of Board of Directors—Non-executive member	791,927
Eftichios Th. Vassilakis	Member of Board of Directors—Non-executive member	103,772
Stylianos D. Golemis	Member of Board of Directors—Independent non-executive member	919,703
Theodoros P. Mylonas	Member of Board of Directors—Independent non-executive member	53,230
Vassilios S. Fourlis	Member of Board of Directors—Non-executive member	717,452
Jiři J. Šmejc	Member of Board of Directors—Non-executive member	—
Konstantin P. Yanakov	Member of Board of Directors—Non-executive member	—
Sophocles S. Frangos	Member of Strategic Planning Committee	738,024
Athanasios M. Arvanitis	Member of Strategic Planning Committee	343,178
Konstantinos Th. Georgiou . .	Member of Strategic Planning Committee	659,773
Georgios I. Poulopoulos	Member of Strategic Planning Committee & Group Executive Committee	215,330
Konstantinos St. Loizides . . .	Member of the Group Executive Committee	200,000
Ioannis G. Sgourovassilakis . .	Member of the Group Executive Committee	743,341
Aikaterini K. Beritsi	Member of Audit Committee & Remuneration Committee	—
Solomon A. Berahas	Member of Risk Management Committee and Succession & Nomination of Board Members Committee	—

No stock options for the purchase of shares of the Bank have been granted to the members of Administrative, Management and Supervisory bodies or of Senior Management from 1 January 2008 until the date of this Offering Memorandum.

Stock Option Plans

According to the Regulation of the Third Call Option Programme, the last exercising period for the total rights granted and not exercised was the time period between 1 December 2010 and 10 December 2010. The aforementioned rights were not exercised during the last exercising period and were annulled.

Bodies of Supreme Administration

General Assembly

According to Law 2190/1920, the general assembly of the shareholders is the supreme body of the Bank and is entitled to decide any issue that concerns the Bank. Its legal decisions are binding on the absent shareholders or the shareholders who disagree. The General Assembly of the shareholders of the Bank elects the Board of Directors and the latter represents the Bank in and out of court.

Committees

As part of the continuous improvement of the organisational structure of the Bank and the Group and in accordance with the resolutions of our Board of Directors on 7 December 2012 and with Presidential Acts 1166/29.06.2012 and 1168/29.05.2013, which aim to enhance the efficiency and safety

of banks' operations, specific matters were assigned to our supervisory, executive and administrative committees.

A. Committees of the Board of Directors

- Audit Committee
- Risk Management Committee
- Remuneration Committee
- Succession and Nomination Committee of Board Members

B. Executive and Administrative Committees

- Strategic Planning Committee
- Group Executive Committee

Audit Committee

The Audit Committee consists of non-executive members of our Board of Directors. The operation of our Audit Committee is regulated by Act No. 2577/2006 of the Governor of the Bank of Greece. The Audit Committee consists of three members appointed by the general meeting of shareholders pursuant to article 37 of Law 3693/2008 and is chaired by an independent non-executive member of our Board of Directors. The members are two non-executive members of the Board of Directors, one of whom is independent and one Representative of the Hellenic Financial Stability Fund. The Audit Committee meets at least four times per year. The Audit Committee is supported by the Executive Secretary.

The main responsibilities of the Audit Committee are (i) to monitor and evaluate annually the adequacy and effectiveness of the internal control system, both on a stand-alone and Group-wide level according to the relevant information provided by the Group's General Division of Internal Audit; (ii) to supervise and evaluate the compilation process of the published annual and interim financial statements of the Group, the Bank and its subsidiaries; (iii) to supervise the ordinary audit of the Group's annual financial statements executed by external chartered auditors and to cooperate with them on a regular basis; (iv) to submit proposals to our Board of Directors for the selection of ordinary external chartered auditors (the Committee can also propose whenever appropriate their replacement or rotation); (v) to ensure the independence of the auditors according to the legislation in force; (vi) to submit proposals concerning the resolution of detected inefficiencies and monitor the implementation of measures that were decided by our Board of Directors; (vii) to submit proposals for particular areas that require further audit by internal or external auditors; (viii) to evaluate the work undertaken by the Group's General Division of Internal Audit, emphasising matters that are relevant to the degree of its independence, the quality and the range of controls which it executes, the priorities stipulated by the external economic environment, the systems and levels of risks and, in general, the efficiency of its operations; and (ix) to define the range of coverage and to select and assign periodically (at least every three years) chartered external auditors to evaluate the adequacy of the internal control system.

The current composition of the Audit Committee is as follows: Theodoros Mylonas (Chairman), Georgios Alexandridis (Member), Charikleia Apalagaki (Member) and Aikaterini Beritsi (Representative of the Hellenic Financial Stability Fund). They were appointed on 29 June 2012 in accordance with article 37 of Law 3693/2008. The Group Compliance Officer and the Internal Auditor report to the Audit Committee.

Biographical information for Mrs. Aikaterini Beritsi is set out below:

Aikaterini K. Beritsi, Representative of the Hellenic Financial Stability Fund: Mrs. Aikaterini Beritsi participates in meetings of the Board of Directors, the Audit Committee and the Remuneration Committee as a representative of the Hellenic Financial Stability Fund in accordance with the provisions of Law 3864/2010.

She was born in Athens in 1955. She holds a degree in Economic Science from the University of Athens. She started her career in 1978 in Motor Oil Hellas S.A., where she worked for three years. From 1980 to 2009, she worked at Emporiki Bank S.A., serving as Director of Group subsidiaries,

Director of International Banking and Deputy General Manager of Coordination and Communication, among other positions. In 2009, she became member of the board of directors and audit committees of subsidiary banks of Crédit Agricole Group in SEE. In October 2011 she was appointed, by the Hellenic Financial Stability Fund, as Chairman of the Board of the New Proton Bank. She held, among others, the position of Managing Director of Emporiki Asset Management, Chairman of Emporiki Rent and CEO of Emporiki Venture Capital Group.

Risk Management Committee

The Risk Management Committee is appointed by the Board of Directors in accordance with Act No. 2577/2006 of the Governor of the Bank of Greece and consists of the members of the Board of Directors who have sufficient knowledge and experience in the field of risk management.

The Risk Management Committee consists of nine members; it is chaired by the Vice Chairman (non-executive member) and its members are: the First Vice Chairman, the Managing Director and CEO, the Managing Director and Deputy CEO, three Deputy Managing Directors, an independent non-executive member of our Board of Directors and one Representative of the Hellenic Financial Stability Fund, in accordance with the provisions of Law 3864/2010. The Committee's Executive Secretary is the Chief Risk Officer of the Group's Risk Management Department. Our Board of Directors has entrusted the Committee with specific responsibilities that comply with Act No. 2577/2006 of the Governor of the Bank of Greece, in order to manage effectively all forms of risk including operational risk, to ensure a consolidated risk control and the management of risk on an ad hoc basis and to ensure the required co-ordination both on a stand-alone basis and at the Group level.

The number of the members of the Risk Management Committee is determined by the Board of Directors and cannot be less than two, at least one of whom should be an executive and the other a non-executive member. The tenure of the members of the Risk Management Committee cannot be greater than that of the Board of Directors. The members of the Risk Management Committee rotate after the completion of two consecutive three-years of service (equal to two tenures of the Board of Directors). Other, later, appointments are not prohibited.

The Board of Directors, after the proposal of the Risk Management Committee, appoints the Executive Secretary of the Risk Management Committee, who may either be a member of the Board of Directors or a senior officer of the Bank with senior level of knowledge and experience, and the Bank of Greece is notified about his or her appointment or replacement. The Executive Secretary of the Committee acts as the Chief Risk Officer of the Group. Among other powers, the Executive Secretary leads the Risk Management Committee, according to legislation in force (now regulated by Act No. 2577/2006 of the Governor of the Bank of Greece). The Executive Secretary is directly accountable to the Risk Management Committee and is subject to the supervision of the Internal Audit Unit.

The current composition of the Risk Management Committee is: Panagiotis Roumeliotis (Chairman), Iakovos Georganas (Member), Stavros Lekkakos (Member), Anthimos Thomopoulos (Member), Christodoulos Antoniadis (Member), Ilias Milis (Member), Theodoros Mylonas (Member), Spyridon Papaspyrou (Member) and Solomon Berahas (Representative of the Hellenic Financial Stability Fund).

Biographical information for Mr. Solomon Berahas is set out below:

Solomon A. Berahas, Representative of the Hellenic Financial Stability Fund: Mr. Solomon Berahas participates in meetings of the Board of Directors, the Risk Management Committee and the Succession and Nomination Committee as representative of the HFSF, in accordance with the provisions of Law 3864/2010. Between 2002 and 2012, he was the Retail Chief Risk Officer in Eurobank S.A. In that capacity, he was responsible for the full credit cycle management: credit policy, risk analytics, credit underwriting, collections and operational risk. He has also served as the Vice Chairman of Teiresias S.A., the Greek Credit Bureau (1997 - 2012). Prior to joining Eurobank S.A., he was with Citibank for 20 years in New York, and Athens as Chief Risk Officer, Credit Director, Business Manager of Citibank Bankcards and Director of Credit Analytics and Portfolio Management. Before that, he was Assistant Professor of Operations Research at the Technion—Israel Institute of Technology and Research Associate at the National Technical University of Athens. He holds a B.Sc. in Industrial Engineering, an M.Sc. in Information Systems and a Ph.D. in Operations Research from the Technion—Israel Institute of Technology.

Remuneration Committee

The Remuneration Committee was established on 15 December 2004 by the Board of Directors. The Committee was first established as the Management Compensation and Evaluation Committee and renamed the Remuneration Committee by the 15 February 2012 decision of our Board of Directors, by which it adjusted the Operating Regulations and the Remuneration Committee's powers to bring them into compliance with PDBG 2650/2012. The Committee consists of four members and is chaired by an independent non-executive member of our Board of Directors. Its members are two non-executive members of our Board of Directors, one of whom is independent, and a representative of the Financial Stability Fund, in accordance with Law 3864/2010. The Committee may be convened extraordinarily as the Nomination Committee of the Board of Directors whenever it is necessary at the same time to select and recommend to the Board replacements for other members of the Board of Directors.

The current composition of the Remuneration Committee is: Stylianos Golemis (Chairman), Aikaterini Beritsi (Representative of the Hellenic Financial Stability Fund), Vasileios Fourlis (Member) and Theodoros Mylonas (independent non-executive member).

Succession and Nomination Committee of Board Members

Depending on the duty it is required to perform, the Succession and Nomination Committee of Board Members has a dual role, as a Succession Committee and as a Nomination Committee, with respect to members of our Board of Directors. The Succession and Nomination Committee of Board Members is chaired by the Chairman, while members include the Chairman of the Audit Committee, the two senior non-executive members of the Board of Directors and a representative of the HFSF according to Law 3864/2010. The Executive Secretary of the Committee is the General Manager of Corporate Governance. As a Succession Committee, it convenes on an ad hoc basis whenever it is necessary to select and recommend candidates to the Board of Directors for the positions of Chairman, Vice Chairman or Managing Director. As a Nomination Committee, it convenes on an extraordinary basis whenever it is necessary to select and recommend to the Board of Directors replacements for the remaining Board of Director member positions.

The current composition of the Nomination Committee is: Michael Sallas (Chairman), Iakovos Georganas (Member), Solomon Berahas (Representative of the Hellenic Financial Stability Fund), Theodoros Mylonas (Member) and Vasileios Fourlis (Member).

Strategic Planning Committee

The Strategic Planning Committee is composed of the Chairman of the Board of Directors, the Non-Executive Vice-Chairman of the Board, the Managing Director and CEO, the Managing Director and Deputy CEO, the Planning and Development Group Adviser and two General Managers. The Strategic Planning Committee regularly monitors, analyses and makes recommendations on strategy (e.g. increases or reductions in capital, mergers, acquisitions, investments in or sell-offs of strategic assets, strategic partnerships, etc.), sets the Business Plan within the framework of which the Group Executive Committee prepares the annual budget for approval by the Board of Directors and where appropriate, proposes these topics for inclusion in the agenda of the Board of Directors or the General Assembly of the Bank and generally monitors, proposes and decides any issue of strategic importance for the Group. The responsibilities of the Strategic Planning Committee involve both the Bank and the Group's subsidiaries.

The current composition of the Strategic Planning Committee is: Michael Sallas (Chairman), Panagiotis Roumeliotis (Member), Stavros Lekkakos (Member), Anthimos Thomopoulos (Member), Sophocles Frangos (Member), Athanasios Arvanitis (Member), Konstantinos Georgiou (Member) and Georgios Poulopoulos (Member).

Biographical information for Messrs. Sophocles Frangos, Athanasios Arvanitis, Konstantinos Georgiou and Georgios Poulopoulos is set out below:

Sophocles S. Frangos, Planning and Development Group Adviser: Mr. Sophocles Frangos was born in Athens in 1951. He studied economics at the Athens University of Economics and Business and received his postgraduate diploma (DEA) and doctorate at the Institute of Economic Research and Planning at the University of Grenoble, in "Analysis and Planning of Development." He was appointed as a special adviser to the Ministry of Transport (1983-1984) and the Ministry of Commerce (1984-1989) and worked in the Investment Department of Emporiki Bank (1989-1990). He joined

Piraeus Bank in 1992 and assumed responsibilities in the areas of Investment and Business Planning, and since 2004, he has served as Planning and Development Group Adviser.

Athanasios M. Arvanitis, General Manager of Treasury and Financial Markets: Mr. Athanasios Arvanitis was born in 1965. He is a graduate in Business Administration of the University of Athens (AUEB). He also holds an MBA from Manchester Business School with concurrent retraining at the Stern School of Business, New York University. He has been working since 1999 at Piraeus Bank as the officer responsible for activities of the Treasury and Financial Markets. He previously worked at National Westminster of Athens, where the last position he held was that of Deputy Treasurer and Head of Sales.

Konstantinos Th. Georgiou, General Manager of Group Human Resources Administration and Logistics: Mr. Konstantinos Georgiou joined the Bank in 1993. In 2000, he was appointed General Manager of Human Resources Administration and Logistics and member of the board of directors of Geniki Bank S.A. since December 2012. He began his career with Piraeus Bank, as Supervisor in the Training Department of the Human Resources Division. In March 1996, he assumed the role of Training Manager and in January 1998 he was promoted to Central Operations Director. Mr. Georgiou began his banking career with the Ionian Bank, as Supervisor of the Human Resources Development and Placement Division, going on to become Manager of the Training Department. Between 1984 and 1985, he worked for the Economic Development Division of the U.S. Department of Commerce, researching economic development programs, statistical analysis reports and public marketing. Throughout his career, he has provided expert advice on management issues and the development of skills and competencies, has published articles on human resources management and has participated, as a speaker, in various human resources conferences, both in Greece and abroad. Mr. Georgiou studied Public Administration at the Panteion University School of Political Sciences and holds a masters degree in Business Administration from Michigan State University.

Georgios I. Poulopoulos, General Manager of Financial Management and Business Planning: Mr. Georgios Poulopoulos has been the Chief Financial Officer (CFO) at Piraeus Bank since 2010. His duties include the financial management of the Group, business planning, investor information, administrative reporting, budgeting and analysis of competition. He began his career at the Bank in February 1999 in the Division of Business Planning, where he worked as project leader for the transition to the euro, while also involved in the conclusion of the strategic partnership with ING and the merger with ETBAbank. Before joining the Piraeus Bank Group, he worked from 1993 to 1999 as Assistant Manager in the Department of Economic Analysis at the Ionian and Popular Bank. Mr. Poulopoulos is a graduate in Economics of the University of Athens and holds an MBA from Henley Management College in London.

Group Executive Committee

The Group Executive Committee consists of the Managing Director and CEO, the Managing Director and Deputy CEO, executive directors of the Board of Directors of Piraeus Bank, the General Manager of Financial Management and Business Planning—CFO, the General Manager of Group Technology and Organisation and Central Operations and the Head of Group Corporate Development. The General Manager for Corporate and Legal Affairs acts as the Executive Secretary of the Group Executive Committee. The Group Executive Committee's responsibilities cover the Bank's affairs, as well as the affairs of our consolidated subsidiaries. Pursuant to delegated authority by our Board of Directors, the Group Executive Committee is responsible for strategic and administrative planning, which it may in turn delegate to administrative committees, members of our Board of Directors and/or our executive officers. The Group Executive Committee monitors the implementation of the Business Plan and the restructuring plan of the Bank and of the Group, is responsible for the decision-making regarding the Group's targets and recommends the annual budget to the Board of Directors.

The Group Executive Committee meets once per week, unless convened on an ad hoc basis by its chairman or deputy.

The Group Executive Committee may establish committees composed of the Bank's officers or other employees to assist it in the conduct of its duties, for which the Group Executive Committee nonetheless remains overall accountable.

The current composition of the Group Executive Committee is: Stavros Lekkakos (Chairman), Anthimos Thomopoulos (Deputy Chairman), Christodoulos Antoniadis (Member), Konstantinos

Loizides (Member), Ilias Milis (Member), Spyridon Papaspyrou (Member), Georgios Poulopoulos (Member) and Ioannis Sgourovassilakis (Member).

Biographical information on Messrs. Konstantinos Loizides and Ioannis Sgourovassilakis is set out below:

Konstantinos St. Loizides, Head of Group Corporate Development, Managing Director and Chief Executive Officer of Piraeus Bank Egypt: Mr. Konstantinos St. Loizides joined Piraeus Bank in November 2007 as Managing Director and Chief Executive Officer of Piraeus Bank (Cyprus) Ltd with additional overseeing responsibilities of Piraeus Bank Egypt and Marathon Bank of New York. In September 201, he was also appointed to the Group's Executive Committee as well as Head, Group Corporate Development, with particular responsibilities at the time in the resolution of non-core assets of the Group. In February 2013, he was appointed Managing Director and CEO of Piraeus Bank Egypt and non-Executive Chairman of Piraeus Bank (Cyprus) Ltd. In the three years before joining Piraeus Bank, he was founder and Chairman of Aepias Ltd, an investment banking boutique, with major corporate clients in the UK, France, Greece and Cyprus. Previously he had served as Chairman of Cyprus Airways (2003–2005); Vice Chairman and Managing Director of Hellenic Bank (1996–2005); Managing Director of the Hellenic Mining Company Group (1996–2003); and Managing Director of Bankers Trust Co. (1981–1996) one of the largest U.S. banks at the time, where he was Head of the Middle East and North Africa Division, Head of the European Telecommunications Division and responsible for other investment banking activities. He is currently Chairman, Cyprus Institute of Financial Studies; Chairman of the Advisory Board, Cyprus American Archaeological Research Institute; Chairman, Maria and Neoptolemos Michaelides Cultural Foundation; and member of the Commission of Financial Services and Insurance of the International Chamber of Commerce, based in Paris. He holds a BSc degree from Imperial College of Science and Technology in London and an M.B.A. from the Massachusetts Institute of Technology in the United States.

Ioannis G. Sgourovassilakis, General Manager and Chief Operations Officer (COO): Mr. Ioannis Sgourovassilakis was born in Athens in 1955 and is a graduate of the Department of Mathematics of the University of Athens, with post graduate studies in Computer Science in Great Britain. From 1983 to 1987, he worked at the Ministry of National Defence as IT Consultant, while from 1987 to 1995, he was Systems Analyst at National Mortgage Bank of Greece S.A. From 1995 until 1998, he was General Manager of the Educational—Conference Center of National Mortgage Bank of Greece S.A. In 1998, he joined Piraeus Bank Group as Head of IT. In 2001, he was promoted to Assistant General Manager. From 2001 to 2004, he served as Deputy General Manager and since 2004 he has been General Manager in Group Technology & Organisation and Central Operations. He is a member of the Group Executive Committee, a member of the Board of Directors of Piraeus Bank Cyprus and of Piraeus Bank Egypt and also a member of the Board of Directors of the Hellenic Interbanking Payment System (DIAS S.A.). He was General Manager and President of the Greek Computer Society (GCS) from 1987 until 1993. He was also a member of the Logistics Engineering Society, the National Committee for Electronic Commerce and the Council of European Professional Informatics Societies. He has published several articles in the scientific press and in periodicals.

The members of the aforementioned committees are not compensated for their participation in them.

Internal Control System

We have established a robust Internal Control System in order to safeguard our assets, to preserve our clients' assets and to ensure our shareholders' interests. The members of our Board of Directors have ultimate responsibility for our compliance with the system and the monitoring and supervision of its effective implementation. The Internal Control System aims to manage our risks effectively and not necessarily to eliminate them.

Our primary consideration is to develop and continuously improve the Internal Control System, which constitutes a group of control mechanisms and procedures that cover our activities and transactions on an ongoing basis and contributes to our effective and secure operation.

We closely supervise the adequacy and effectiveness of the Internal Control System and immediately take all required action in order to confront and minimise any operational risk. Moreover, we control through appropriate early warning mechanisms the implementation of the Internal Control

System in the Units as well as the compliance of all involved parties with the rules and objectives of the Internal Control System.

Our Internal Control System is supported, as provided in the applicable legal framework, by an integrated Management Information System, as well as by complementary mechanisms that constitute an integrated control system of our organisational structure and our activities as well as at the Internal Regulation. The persons responsible for compliance with the Internal Control System are the Internal Auditor, Audit Committee and the Internal Control Division.

The members of our Board of Directors evaluate the adequacy and effectiveness of the system on an annual basis and determine the strategy for its improvement on the basis of the relevant report that our management submits to the Board, and on the basis of the comments made in that report by the Audit Committee. The evaluation of the system's adequacy on a Bank and consolidated basis is assigned, periodically and at least every three years, to third-party certified auditors of the Bank, following the Audit Committee's proposal. The relevant evaluation report is submitted to the Bank of Greece during the first half of the year following the expiry of the three-year period.

Internal Auditor

The Internal Auditor is an instrument of internal control established by Law 3016/2002 relating to corporate governance. In the performance of his or her duties, the Internal Auditor is independent and not accountable to any of our operational units and is strictly supervised by one to three non-executive members of our Board of Directors, who are selected and appointed by the Board from among those members who participate in the Audit Committee. The Internal Auditor is appointed by the Board of Directors and may not be a Board member or management executive, or a relation by marriage or blood of any Board member or management executive. The abovementioned restrictions are applied to all internal auditors, in case there is more than one. The Internal Auditor supervises the Internal Audit Division. The Internal Auditor, in exercising his or her duties, is entitled to access any of our books, documents, files, bank accounts and portfolio and has access to any of the Bank's departments.

To facilitate the work of the Internal Auditor, Board members are obliged to cooperate with the Internal Auditor and provide any required information. Our management must provide the Internal Auditor with all means to achieve that end.

We are obliged to notify the HCMC if the supervisor of the Internal Control System is changed, within 10 working days from the day the change has taken place. The announcement regarding the Internal Auditor change is immediately reported to the ATHEX and the Bank of Greece.

MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Major Shareholders

As at 31 December 2012, and without taking into account the share capital increase of the Bank, but after the reverse split and the subsequent reduction of the nominal value of each share, our outstanding paid-up share capital amounted to €1,092,997,968.18 divided into 1,143,326,564 dematerialised registered Ordinary Shares with voting rights of a nominal value of €0.30 per share; 77,568,134 Special Preference Shares without voting rights of a nominal value of €4.77 per share, issued in accordance with law 3723/2008; and 1,266,666,666 Special Preference Shares without voting rights of a nominal share value of €0.30 per share, issued in accordance with law 3723/2008. All of our Special Preference Shares are held by the Hellenic Republic.

To the knowledge of the Bank, there is no natural person or legal entity that holds capital or voting rights over 5% that must be notified under the applicable Greek legislation.

On 23 April 2013, the number of natural persons and legal entities holding shares of the Bank was 164,322.

As at the aforementioned date, there were no shareholders who, acting individually, according to Law 2190/1920 and the Articles of Association of the Bank have the power to block any resolutions that require a quorum and a majority of two-thirds at the general meetings of our shareholders.

In accordance with Law 3864/2010, as currently in force, and following the Bank's request, the participation of the HFSF to the share capital increase of the Bank commenced on 29 May 2012 by virtue of an Advance Payment by the HFSF which was paid in the form of securities issued by the EFSF of a total nominal value of €4.7 billion. Furthermore, on 21 December 2012, HFSF proceeded to make an additional Advance Payment of €1.553 billion as well as to provide a Commitment Letter of approximately €1.1 billion confirming its intention to participate in the share capital increase of the Bank. Consequently, the aggregate amount of Advance Payments and Commitment Letters provided by the HFSF to the Bank amounted to €8.4 billion (including €570 million, deriving from the ATEbank Acquisition and €524 million deriving from the Cypriot Acquisitions). Under the Pre-Subscription Agreement dated 28 May 2012 and concluded between the Bank, the HFSF and the EFSF, on 31 May 2012 the HFSF appointed two representatives of the HFSF to the Bank's Board of Directors, who have the following rights:

- appoint up to two members to the board of directors of the Bank, as representatives of the HFSF;
- veto key corporate decisions of the Bank both at the board and shareholder assembly level (e.g. business strategy, dividend distributions, salary caps relating to the chairman, managing directors and the other Board members, general managers and deputies, liquidity and asset liability management as well as any other matter which may set at risk the rights of depositors or have a material adverse effect on the liquidity, solvency and/or, in general, on the prudent and orderly operation of the Bank, including business strategy and asset/liability management);
- request an adjournment of a Board meeting for three business days in order to receive instructions from the HFSF Executive Committee, following consultation with the Bank of Greece;
- call a Board meeting;
- approve the appointment of the chief financial officer;
- include items on the agenda of the Board and certain bank committees' meetings in which such representatives participate;
- call a general shareholders' meeting of the Bank in accordance with Greek company law;
- to have free access to all books and records of the Bank; and

With regard to further rights that the Hellenic Republic may have as the Bank's shareholder, please refer to section "Description of Share Capital" of this Offering Memorandum.

According to the legislative framework regulating the recapitalisation of Greek credit institutions, in the event that the participation of the private sector in the share capital increase of the Bank does

not reach 10%, the HFSF shall subscribe for the amount of the increase and shall exercise fully its voting rights, thus causing a significant dilution of the Bank's existing shareholders' holdings.

However, where the participation of the private sector in the share capital increase equals at least 10%, the HFSF shall only have a right to vote at the shareholders' general assembly on the following matters:

- the amendment of the articles of association (including increases or decreases of the share capital and the relevant authorisations to the Board of Directors); and
- a merger, split, transformation, revival, extension of the duration or dissolution of the Bank, transfer of assets (including sale of subsidiaries), or any other issue requiring a qualified majority under the provisions of law 2190/1920 "on *sociétés anonymes*".

For the purposes of calculating quorum and majority at the general assembly, HFSF shares shall not be taken into consideration for any other issue except for the ones mentioned above.

As at 23 April 2013, the members of the Board of Directors and the members of the administrative, managerial and supervisory bodies of the Bank, held 26,373,309.0 Ordinary Shares in total, or approximately 2.31% of the share capital of the Bank.

We are not aware of any agreement, the performance of which will, at a later date, cause changes relating to the control of the Bank.

Treasury Shares

Pursuant to the provisions of Article 28 of Law 3756/2009, the Bank is not permitted to acquire treasury shares for so long as the Bank is subject to the provisions of Law 3723/2008 (Hellenic Bank Support Plan).

During the year ended 31 December 2011, the Bank and its consolidated subsidiaries purchased 17,823,643 treasury shares and sold 23,911,771 treasury shares. The total value of these transactions amounts to €8.598 million. The rest of the treasury shares held as at 31 December 2011 (408,788 shares with a purchase price of €192,000) concern transactions which were effected by the Bank's subsidiary, Piraeus Wealth Management, in the ordinary course of its business. The Bank held no treasury shares as at 31 December 2011.

During the year ended 31 December 2012, the Bank and its consolidated subsidiaries purchased 3,635,454 treasury shares and sold 3,960,654 treasury shares. The total value of these transactions amounts to €156,000. The rest of the treasury shares held as at 31 December 2012 (83,588 shares with a purchase price of €36,000) concern transactions which were effected by the Bank's subsidiary, Piraeus Wealth Management, in the ordinary course of its business. The Bank held no treasury shares as at 31 December 2012.

During the year ended 31 March 2013, the Bank and its consolidated subsidiaries purchased 728,057 treasury shares and sold 761,957 treasury shares. The total value of these transactions amounts to €21,000. The rest of the treasury shares held as at 31 March 2013 (49,688 shares with a purchase price of €15,000) concern transactions which were effected by the Bank's subsidiary, Piraeus Wealth Management, in the ordinary course of its business. The Bank held no treasury shares as at 31 March 2013.

Related Party Transactions

Transactions with Related Parties in the Years 2010-2012 and the three months ended 31 March 2013

The Bank has declared that there have been no other transactions with related parties, as defined by Regulation 1606/2002 and conceptually defined in the provisions of the relevant Standard (International Accounting Standard 24), apart from those set out below, in accordance with Section 19 of Annex I of Regulation (EC) 809/2004 of the European Commission, as in force, and that all transactions with related parties have been concluded on market terms.

Inter-Company Transactions

The rest of the Bank's transactions with subsidiary and related companies, arising from continuing and interrupted activities, and the results associated with these transactions, are set out below:

	As at 31 December			As at 31 March
(€ in millions)	2010	2011	2012	2013
Subsidiary Companies				
Assets				
Cash and Funds Available at Central Bank	17.3	0.7	1.0	4.0
Loans and Claims on other Banks	3,593.0	2,928.9	2,608.4	1,140.9
Agreements on Re-Sale of Customers' Securities	14.4	—	—	—
Loans and Claims on Customers	719.3	671.0	682.8	2,042.7
Other Assets	214.3	290.9	372.7	390.0
Total	4,558.4	3,891.5	3,664.9	3,577.7
Liabilities				
Liabilities to Banks	1,121.8	276.2	469.4	907.0
Liabilities to Customers	241.6	553.1	580.7	749.3
Securities in Circulation	2,490.8	1,258.3	447.9	466.5
Hybrid and Other Loan Capital	506.6	495.0	324.1	322.4
Other Liabilities	32.3	13.5	11.3	9.4
Total	4,393.0	2,596.1	1,833.4	2,454.5

	Year ended 31 December			Three months ended 31 March
(€ in millions)	2010	2011	2012	2013
Subsidiary Companies				
Income				
Interest and Related Income	173.5	170.5	95.2	17.4
Commission Income	14.1	10.5	10.0	2.3
Other Income	6.2	1.9	3.1	1.0
Total	193.8	182.9	108.3	20.7
Expenses				
Interest and Related Expenses	(196.9)	(178.7)	(78.9)	(19.5)
Commission Expenses	(21.1)	(14.4)	(9.6)	(1.4)
Operating Expenses	(43.9)	(36.7)	(28.4)	(6.1)
Total	(261.8)	(229.8)	116.9	(27.0)

Letters of guarantee issued to subsidiary companies of the Group at 31 March 2013 amounted to €500.2 million, while they amounted to €500.0 million at 31 December 2012, to €318.2 million at 31 December 2011 and to €267.0 million at 31 December 2010.

	As at 31 December			As at 31 March
(€ in millions)	2010	2011	2012	2013
Related Companies				
Deposits and Other Liabilities	44.6	47.2	34.7	37.6
Loans and Other Claims	58.4	100.6	180.5	181.3

	As at 31 December			Three months ended 31 March
(€ in millions)	2010	2011	2012	2013
Related Companies				
Total Expenses	(1.8)	(1.9)	(8.8)	(2.6)
Total Income	2.1	3.7	6.6	1.5

Transactions with Members of our Board of Directors and Management

Related parties include (i) members of our Board of Directors and our key management personnel; (ii) close family and financial dependents (spouses, children, etc.) of members of our Board of Directors and key management personnel; (iii) companies engaging in transactions with the Bank,

when the total cumulative participating interest (of members of the Board of Directors, key management personnel and their dependants or close family) exceeds 20%.

Members of the Board of Directors members and key management personnel (€ in millions)	As at 31 December			As at 31 March
	2010	2011	2012	2013
		(Audited)		(Unaudited)
Loans	129,455	129,699	82,254	139,434
Deposits	39,064	26,913	13,644	19,139

Letters of guarantees and letters of credits to the members of the Board of Directors and to the key management personnel as at 31 March 2013 and at 31 December 2012 were €1.3 million (compared to €1.2 million as at 31 December 2011 and €2.3 million at 31 December 2010). Total income from loans to the members of the Board of Directors and management as at 31 March 2013 was €0.6 million and as at 31 December 2012 was €2.5 million (compared to €5.1 million for 2011 and €4.3 million for 2010). Total expenses of the aforementioned persons as at 31 March 2013 was €0.1 million and as at 31 December 2012 were €0.7 million (compared to €1.1 million in 2011 and €0.8 million in 2010).

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

Directors' Remuneration

(€ in millions)	As at 31 December			As at 31 March
	2010	2011	2012	2013
		(Audited)		(Unaudited)
Salaries and other remuneration	4,662	4,848	4,644	1,381
Termination benefits	3,491	4,356	8,033	94
	8,153	9,204	12,677	1,475

The total provision made for benefits programmes for members of the Board of Directors and Management, following the departure or maturing of benefits of certain executives and the adjustments made during the period between 1 January 2013 and 31 March 2013 amounted to €21.7 million (compared to €21.0 million for 2012, €23.9 million for 2011 and €31.6 million for 2010). The amount for 2012 was restated from €19.7 million to €21.0 million due to the implementation of IAS 19 "Employee Benefits". The total amount of the aforesaid provisions has been included in retirement benefit obligations.

Share Sales

In the period from 9 May 2013 to 28 May 2013, members of our Board of Directors and Management sold in open-market transactions an aggregate of approximately 41,572,805 Ordinary Shares.

REGULATION AND SUPERVISION OF BANKS IN GREECE

We are subject to financial services laws, regulations, administrative actions and policies in each location where we operate. In addition, due to the trading of our Ordinary Shares on the ATHEX, we are also subject to the applicable capital markets laws.

Regulation of the banking industry in Greece has changed in recent years because Greek law has been modified to a great extent so as to comply with applicable EU directives. In August 2007, the EU directives no. 2006/48/EC (the "Capital Requirements Directive") and 2006/49/EC (the "Capital Adequacy Directive") regarding the adoption of the revised capital adequacy framework, Basel II, relating to the business of credit institutions and to the capital adequacy of investment firms and credit institutions, were transposed into Greek law by virtue of Greek Law 3601/2007. Following this, on 20 August 2007, the Bank of Greece issued 10 Governor's Acts specifying the details for the implementation of Basel II, which took effect from 1 January 2008. These Acts were amended during 2010 in order to adopt the respective amendments of the EU directives as regards risk management, own funds, capital adequacy and large exposures, and certain of them were further amended in 2012. A number of regulatory initiatives have recently been proposed or are shortly to be implemented which would alter our capital requirements, including CRD II and the CRD III as discussed below under "—Guidelines for Risk-Based Capital Requirements".

Recently, the Greek government has revised the terms of the Hellenic Republic Bank Support Plan to strengthen Greek banks' capital and liquidity positions. For more information concerning our participation in this plan, see "The Banking Sector and the Economic Crisis in Greece—The Hellenic Republic Bank Support Plan". In addition, in relation to the Hellenic Republic's economic crisis and the measures taken under the Second Economic Adjustment Programme, see "The Banking Sector and the Economic Crisis in Greece—Economic Adjustment Programmes, the PSI and Buy-Back Programme".

The Regulatory Framework

The Bank of Greece is the central bank and is the supervisory body of the Greek financial and credit industry pursuant to Greek law 3601/2007, which regulates the licensing, operation and supervision of Greek credit institutions. Greek law 3601/2007 transposed into Greek banking legislation the provisions of EU Directives 2006/48 and 2006/49 on the taking up and pursuit of the business of credit institutions and the capital adequacy of credit institutions and investment firms, respectively, as such Directives were amended by 2009/110, 2009/111 and 2010/16. The current banking legal framework also includes Greek laws 3746/2009 (regulating the Greek deposit and investment guarantee scheme), 3691/2008 (anti-money laundering law) and 3862/2010 (on payment services), as such laws have been amended and are currently in force. In addition, the Bank of Greece has regulatory and supervisory authorities with respect to the business and supervision of credit institutions in Greece according to Greek law 1266/1982 (Bodies exercising currency, credit and exchange policy and other provisions) as amended and currently in force. Under the European Commission's proposed Single Supervisory Mechanism, it is contemplated that part of the supervisory powers of national regulators, including the Bank of Greece, will be undertaken by the ECB. In this respect, the European Commission has presented a Proposal for a Council Regulation conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions.

The Bank of Greece issues a banking licence to the credit institutions meeting the requirements set by the provisions of Law 3601/2007, as amended and currently in force. More specifically, Law 3601/2007 regulates and determines the issues pertaining to the granting of an establishment and operating licence of a credit institution in Greece and the revocation of such licence, the business of credit institutions, the establishment and provision of services by credit institutions, relations with third countries, matters relevant to special participations of credit institutions in other businesses and the participations of individuals or entities in credit institutions, the supervision of credit institutions by the Bank of Greece, both on a stand-alone and a consolidated basis, the disclosure of information by the Bank of Greece, professional secrecy, the obligations of individuals involved in the legal audit of annual consolidated financial statements, the appointment of a *commissionaire*, penalties, and provisions relating the special liquidation of credit institutions and the capital adequacy of banking groups, including investment firms.

Credit institutions operating in Greece must:

- comply with the capital adequacy ratios prescribed by the Bank of Greece Governor Acts 2588/2007, 2589/2007, 2590/2007, 2594/2007, 2595/2007, 2630/2010, 2635/2010, 2645/2011, 2646/2011, 2661/2012 and 2664/2012 and the Act of the Executive Committee of the Bank of Greece No. 13/28.3.2013 each as in force, which form the current relevant regulatory framework (Basel II);
- maintain sufficient internal audit as well as compliance and risk management systems and procedures (pursuant to Bank of Greece/GA 2577/2006), as amended and currently in force;
- submit to the Bank of Greece periodic reports and statements (Bank of Greece/GA 2651/2012);
- disclose data regarding their financial position and the risk management policy they follow;
- provide the Bank of Greece with such further information as it may require; and
- make, in connection with certain operations or activities, notifications to or request the prior approval of (as the case may be) the Bank of Greece, in each case in accordance with the applicable laws of Greece and the relevant acts, decisions and circulars of the Bank of Greece, each as in force from time to time.

Under Greek legislation, the Bank of Greece has the power to conduct audits and inspect the books and records of credit institutions. If a credit institution breaches any law or regulation falling within the scope of the supervisory power attributed to the Bank of Greece, the Bank of Greece is empowered, among other things, to:

- require the relevant credit institution to take appropriate measures to remedy the breach;
- impose fines;
- appoint an administrator who shall evaluate the general financial, administrative and organisational state of the credit institution and take all necessary steps to ensure its proper operation, preparing it either for recovery or entry into liquidation proceedings;
- where the breach cannot be remedied, suspend or revoke the licence of the credit institution and place it in a state of special liquidation; and
- where deemed appropriate, implement the measures provided for in Articles 62 *et seq.* of Greek Law 3601/2007, as currently in force, as described below.

Greek Laws 4021/2011 and 4051/2012 have substantially amended Articles 62 *et seq.* of Greek Law 3601/2007 regarding the supervision, resolution and liquidation of credit institutions. The new provisions generally: (i) reinforce the supervisory powers of the Bank of Greece in addressing an actual or potential breach by credit institutions of Greek Law 3601/2007 and the relevant decisions of the Bank of Greece; (ii) extend the role and powers of the administrator appointed by the Bank of Greece to manage credit institutions facing serious difficulties; and (iii) empower the Bank of Greece to take specific corrective and recovery measures. These provisions aim to enhance the framework for the supervision and control of credit institutions and to introduce resolution powers to the Bank of Greece in order to protect financial stability and public confidence in the Greek financial system.

Pursuant to the amended provisions of Greek Law 3601/2007, the Bank of Greece has the following additional powers to:

(i) require any credit institution actually or potentially failing to comply with the requirements set out by this law and/or the relevant decisions of the Bank of Greece to take the necessary actions or corrective measures at an earlier stage. In this context and, in addition to other measures already provided for in Greek Law 3601/2007 (such as prohibitions or restrictions on dividends), the Bank of Greece may itself prepare a recovery plan for the credit institution or require the credit institution to prepare a recovery plan, proceed with a share capital increase according to Article 62A or seek the prior approval of the Bank of Greece for future transactions that the Bank of Greece finds might be detrimental to the solvency of the credit institution;

(ii) appoint an administrator to a credit institution for a period of up to 12 months. This period may be extended by up to six months by decision of the Bank of Greece, and the total period of extensions may not exceed 18 months. The administrator will assess the credit institution's

situation and take any necessary next steps, for example preparing the credit institution for any of the relevant recovery measures under the new law or placing it into special liquidation. The administrator will be subject to the oversight of the Bank of Greece;

(iii) extend by up to 20 business days the period established by the administrator for the credit institution to comply with some or all of its various obligations, if the credit institution's liquidity has been significantly reduced such that its own funds are potentially insufficient to establish compliance during that initial period. The 20-day period may be further extended by 10 business days by decision of the Bank of Greece;

(iv) implement certain recovery measures to ensure the financial stability of and strengthen public confidence in the Greek financial system. In particular, the Bank of Greece may: (a) instruct the administrator to proceed with a share capital increase by some specified time, with the negation of any pre-emption rights of the existing shareholders; (b) compel the credit institution to transfer certain assets and liabilities to another credit institution or entity for consideration and by some specified time; (c) recommend that the Greek Minister of Finance establish on public interest grounds a transitional credit institution (the "TCI"), to which all or part of the assets and liabilities of the credit institution will be transferred. The share capital of the TCI will be fully paid by the HFSF, and the latter shall enhance such share capital if necessary so as to conform to capital adequacy requirements. The TCI will be subject to the control of the HFSF and, if the HFSF ceases to exist, of the Hellenic Republic pursuant to the provisions of Greek Law 3864/2010. The TCI may operate for a maximum period of two years, unless it is extended for two additional years by a decision of the Minister of Finance, following a recommendation by the Bank of Greece; and

(v) appoint a liquidator to manage the credit institution, if the credit institution's licence has been withdrawn subject to the applicable provisions of Law 3458/2006. The Credit and Insurance Committee of the Bank of Greece has issued a regulation for the special liquidation of credit institutions (Government Gazette Issue B 2498/4.11.2011, as amended), which contains provisions regarding the liquidation of a credit institution.

The circumstances, under which the Bank of Greece may take recovery measures under Greek Law 3601/2007, as in force, include, *inter alia*, the following:

(i) if the credit institution fails or refuses to increase its Tier I capital, or impedes the Bank of Greece in its oversight role in any way;

(ii) if the credit institution commits serious or repetitive violations of the applicable laws or Bank of Greece decisions, or when there are doubts with respect to the sound and prudent management of the credit institution, such that its solvency, the interests of depositors or the overall financial stability or public confidence in the Greek financial system are put at risk;

(iii) if the credit institution has inadequate Tier I capital or is unable to service its obligations (and particularly to secure depositors' and creditors' funds);

(iv) if necessary for the stabilisation of a credit institution or the prevention of financial instability of a credit institution for the sake of systemic stability;

(v) if necessary for the protection of public confidence, particularly depositors, in the stability and proper operation of the Greek financial system; and

(vi) if necessary for the reduction of systemic risk or the prevention of situations that might destabilise the Greek financial system, taking into account any prevailing bank and interbank market conditions.

Whenever the Bank of Greece decides that any of the above circumstances have been met in the case of a particular financial institution, it must notify the HFSF and provide the HFSF with information about the financial situation of the credit institution, as well as any other information that the HFSF may need in order to apply any recovery measures. To this effect, the Bank of Greece and the HFSF will execute a memorandum providing the information that must be exchanged between them and the details of their cooperation.

The shareholders or the creditors of the credit institution who believe that their financial position has deteriorated following the implementation of any recovery measures may request compensation

from the Hellenic Republic in an amount that would restore them to the financial position they would have been in if a special liquidation had instead taken place.

In relation to the recovery and resolution of credit institutions, the European Commission has submitted a "Proposal for a directive of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directives 77/91 EEC and 82/891/EC, Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC and 2011/35/EC and Regulation (EU) No. 1093/2010". If the above proposal is adopted as currently expected, the above provisions of Greek law will need to be amended or replaced accordingly.

Greek law 3864/2010, as amended and currently in force, has introduced material provisions with respect to the recapitalisation of Greek credit institutions and particularly the HFSF triggering procedures.

These amendments to the above laws provide for the following:

- The Bank of Greece may require that its own approval be given to transactions contemplated by credit institutions which, to the Bank of Greece's judgement, may adversely affect the solvency of the credit institution; the Bank of Greece may also require credit institutions to prepare and implement recovery plans or may itself prepare resolution plans for credit institutions.
- The Bank of Greece may instruct banks to conduct share capital increases as a preventive supervisory measure.
- The Bank of Greece may appoint an administrator in the following circumstances, *inter alia*: (i) where the operation of the credit institution gives rise to reasonable doubts as to its proper management, thereby affecting the solvency of the credit institution and placing the interests of its depositors at risk; (ii) where necessary to ensure financial stability and protect public trust of the Greek banking system, (iii) where evident that the banking institution's own funds are not sufficient or that the credit institution is in no position to fulfil its obligations, for instance when it does not prepare or implement recovery or restructuring plans or does not immediately execute a transfer order given by the Bank of Greece as to the transfer of the credit institution's assets to another credit institution.
- The Bank of Greece may instruct and empower an administrator to implement a series of restructuring measures, including share capital increases and transfers of assets to another credit institution.
- The Bank of Greece may instruct a credit institution to transfer assets it possesses to another credit institution or to another person. The transferable assets are determined pursuant to a Bank of Greece decision and may include rights, claims, obligations or contractual arrangements. The credit institution is bound to transfer the assets specified in the Bank of Greece's transfer order immediately and in any case before the open of business of the next business day; if the credit institution fails to proceed with such transfer, an administrator is appointed to implement the transfer, with or without the cooperation of the management of such credit institution. Subordinated debts may not be included in the assets transferable as per the above provisions (article 63D of law 3601/2007, as currently in force). Deposits guaranteed under Law 3756/2009 are mandatorily transferred.
- The Bank of Greece may propose to the Minister of Finance the establishment of a TCI, which is set up by virtue of a relevant ministerial decision and is controlled by the HFSF or, if the latter ceases to exist, the Hellenic Republic. The TCI receives all or a part of the assets of the original credit institution, with the exception of subordinated debts, and the initial credit institution is placed in special liquidation (article 63 E of Law 3601/2007, as currently in force).
- The HFSF will provide capital enhancement to credit institutions through its participation in such credit institutions' share capital increases, including the issuance of ordinary shares, contingent convertible securities or other convertible financial instruments. The conversion terms in respect of the convertible securities or financial instruments, as the case may be, the subscription price of the shares, the terms and conditions of capital enhancement and any other detail required for the implementation of the said capital enhancement will be determined pursuant to a Cabinet Act.

- Where the participation of the private sector in the share capital increase equals at least 10% of the share capital increase amount (or any higher percentage set by the Minister of Finance), the HFSF shall have shareholder voting rights that are restricted to: the amendment of the articles of association (including a share capital increase or decrease and the relevant authorisations to the Board of Directors), a merger, split, transformation, revival, extension of the duration or dissolution of the company, a transfer of assets (including sales of subsidiaries) or any other issue requiring a qualified majority under the provisions of Law 2190/1920.
- Where a credit institution has submitted a capital enhancement request and business plan to the Bank of Greece and the Bank of Greece considers such request and business plan to be viable, the HFSF shall provide such credit institution with a statement whereby it undertakes to participate in the share capital increase launched by such institution in accordance with Article 7 of Law 3864/2010, as currently in force, for the amount determined by the Bank of Greece. The HFSF shall provide such statement, subject to the following conditions:

  (a) the Bank of Greece considered the business plan submitted to it by the relevant credit institution to be viable and reliable;

  (b) the Bank of Greece has approved the capital enhancement request submitted by the relevant credit institution and notified the European Commission accordingly; and

  (c) the Bank of Greece considers the provision of HFSF statements to be necessary in order for the credit institution to continue operations as a going concern, fulfilling the Bank of Greece's capital requirements, and to maintain stability of the Greek financial system.

  If the HFSF does grant the abovementioned statement, it has the following rights for the period up to completion of the share capital increase to:

  (a) appoint two representatives to the board of directors of the credit institution, such representatives having broad veto powers (further described under "The Banking Sector and the Economic Crisis in Greece—Economic Adjustment Programmes, the PSI and Buy-Back Programme—The Hellenic Financial Stability Fund (HFSF)") and being entitled to propose to the Board measures for the protection of the HFSF's interests and to supervise the implementation of such measures by the Board; and

  (b) request access to any data or information they consider necessary for the fulfilment of the credit institution's purposes, to perform special audits and in general to exercise any rights provided to the HFSF.
- The HFSF, in view of its participation in the capital enhancement of a credit institution which has been evaluated as viable by the Bank of Greece, may pay its contribution, or part thereof, up to the amount determined by the Bank of Greece, in advance without abiding by the procedure stipulated above under specific conditions provided by the law. In this case, the HFSF has the same rights as above, while pursuant to a decision of the Minister of Finance further corporate governance issues may be regulated for the period between the HFSF's advance payment and the certification of the share capital increase amount payment.

If credit institutions are in breach of regulations, the Bank of Greece may impose on credit institutions, either cumulatively or on a stand-alone basis, the following penalties:

- a mandatory deposit in an interest-free account held with the Bank of Greece of an amount equal to 40% of the amount of the breach, or if this cannot be determined, of an amount not exceeding €20,000,000, for a period of no longer than one year; and
- a fine in favour of the Hellenic Republic, in an amount up to 40% of the amount of the breach, or in an amount not exceeding €2,000,000, which may be increased up to €3,000,000 in the event of a repeating breach.

Compulsory Deposits with the Central Bank

The compulsory reserve requirement framework has been amended in accordance with Eurosystem regulations. As from January 2012, the compulsory reserve requirement ratio is 1% for all categories of

liabilities, comprising the reserve base, with the exception of the following liabilities to which a zero ratio applies:

- deposits with an agreed maturity of over two years;
- deposits redeemable on notice over two years;
- repos; and
- debt securities with an agreed maturity over two years.

Guidelines for Risk-Based Capital Requirements

In 1988, the Basel Committee on Banking Supervision adopted guidelines that explicitly define the relationship between a bank's capital and its credit risks. These guidelines have been implemented by the regulators of the banking sector in most developed countries, including Greece. The main objective of the Basel guidelines is to enhance the functioning of the international banking system, reduce competitive inequality among internationally active banks, harmonise the definitions of capital, establish a basis for risk assessment (evaluation) for each asset class and implement a uniform capital adequacy ratio (regulatory capital to risk-weighted assets).

In June 2004, after consultation and cooperation between international banks and regulators, the Basel Committee on Banking Supervision issued a revised capital adequacy framework, and in November 2005, issued its final proposals on capital adequacy standards, known as "Basel II". Basel II promotes the adoption of enhanced practices of weighting credit risk and approximates the calculation of capital requirements by introducing methods that are oriented to counterparty risk.

The current capital adequacy framework, Basel II, retains the key elements of the capital adequacy framework from 1988, including the general provision for maintaining the ratio of equity to risk-weighted assets of at least 8% and retains the basic structure of the 1996 framework ("Basel I") regarding the treatment of market risk and the definition of items that can be used as equity.

The current framework provides for detailed minimum requirements designed to ensure the integrity of internal risk assessments. Further, it introduced capital requirements for operational risk (through Pillar II) and established an internal process for assessing capital adequacy, taking into account both risks covered by Pillar I (i.e., market risk, credit risk and operational risk) and other risks, including but not limited to liquidity risk, concentration risk, interest rate risk and strategic risk.

Furthermore, the current framework provides a range of options of increasing sophistication for determining the capital requirements for credit risk and operational risk. Various options allow banks and supervisors to select approaches that are most appropriate for their own operations and their financial market infrastructure. Furthermore, Basel II significantly enhances the requirements for market disclosures on both quantitative and qualitative aspects of risk management practices and capital adequacy.

The Basel II framework was integrated into the European Union in June 2006 through EU Directives 2006/48/EC and 2006/49/EC. Greece implemented the above Directives by Law 3601/2007 in August 2007. Following the enactment of Law 3601/2007 on 20 August 2007, the relevant Regulatory Administrative Acts of Bank of Greece were issued, setting out the details of the implementation of Basel II, which came into force on 1 January 2008 and have since been amended.

In 2008, the EC submitted a Proposal for a Directive of the European Parliament and the European Council amending EU Directives 2006/48/EC and 2006/49/EC regarding banks affiliated with central institutions, certain components of equity, large exposures, supervisory arrangements and crisis management, which led to the adoption of EU Directive 2009/111/EC of the European Parliament and of the Council of 16 September 2009 and EU Directive 2010/76/EC, which were transposed into Greek law.

The EU Directive 2010/76/EC on Capital Requirements III ("CRD III") of 24 December 2010 introduced a number of changes in response to recent and current market conditions which may:

- increase the capital requirements for trading portfolios to ensure that a bank's assessment of risks associated with trading portfolios better reflects the potential losses from adverse market movements in stressed conditions; and
- limit investments in securitisations and re-securitisations and impose higher capital requirements for re-securitisations to ensure that banks take proper account of the risks of investing in such complex financial products.

In December 2010, the Basel Committee on Banking Supervision issued new capital adequacy rules, known as "Basel III". On 20 July 2011, the European Commission published a draft new directive and a draft new regulation ("European Commission proposal for a Regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms") known as the CRD IV package, on the implementation of Basel III by banks in the EU. The new rules, when adopted and put into force (with gradual implementation until 2019), will replace EU Directives 2006/48/EC and 2006/49/EC.

According to these new provisions:

- the minimum common equity Tier I ratio will gradually rise from 2% to 4.5% on 1 January 2015;
- the minimum common equity Tier I ratio will gradually rise from 4.5% to 6% in 2015; and
- banks will be required to gradually create a capital conservation buffer of 2.5% by 2019 (0.625% on 1 January 2016, 1.25% on 1 January 2017 and 1.875% on 1 January 2018) beyond the existing minimum capital;

The minimum ratios which must be met, including the capital conservation buffer, and which shall apply from 1 January 2019 are:

(a) the minimum common equity capital ratio of 7%; and

(b) the total capital adequacy ratio of 10.5%.

Capital Requirements in International Markets in Which We Operate

Basel II was adopted by Serbia in December 2011 and by Egypt in January 2013, while Albania is expected to implement Basel II in December 2013, according to a recent Directive of the Bank of Albania. At an earlier stage, it was adopted by Romania, Bulgaria and Cyprus because the aforementioned are members of the European Union. Ukraine has not yet adopted this framework.

Additional Reporting Requirements

Following the adoption of Basel II guidelines, the Bank of Greece issued Bank of Greece Governor's Act No. 2606/2008, determining new reporting requirements for credit institutions in Greece. Bank of Greece/AG 2651/20.01.2012, currently in force (replacing Bank of Greece/AG 2640/2011 which replaced Bank of Greece/AG 2606/2008), re-determined the periodic reporting requirements of credit institutions towards the Bank of Greece, thus completing on a technical level the implementation of the Basel II bank supervision framework.

Such reporting requirements require submission of reports on the following items:

- capital structure, special participations, persons who have a special relationship with the credit institution and loans or other types of credit exposures that have been provided to these persons by the credit institution;
- own funds and capital adequacy ratios;
- credit risk, counterparty credit risk and delivery / settlement risk;
- market risk of the trading book (including foreign exchange risk);
- information on the composition of the trading book;
- operational risk;

- large exposures and concentration risk;
- liquidity risk;
- interbank market data;
- financial statements and other financial information;
- covered bonds;
- internal audit systems;
- combating money laundering and terrorist financing;
- information systems; and
- other information.

In addition to the above, according to Bank of Greece/AG 2644/2011, the Bank must submit to the Credit System Supervision Division of the Bank of Greece information on every transaction it performs in the interbank market by the close of business on the day following the value date of the transaction.

Deposit and Investment Guarantee Fund

In January 1993, the Greek Parliament adopted and introduced the deposit protection fund (the "DGF") which was later replaced by virtue of Law 3746/2009 by the Deposit and Investment Guarantee Fund ("DIGF"). The DIGF is a private entity supervised by the Minister of Finance and managed by a seven-member board of directors, the president of which is appointed as one of the Deputy Governors of the Bank of Greece. Of the remaining six members one is appointed from the Ministry of Finance, three from the Bank of Greece and two from the Hellenic Bank Association.

The DIGF's objective is to: (i) indemnify depositors of credit institutions participating in the DIGF, either mandatorily or voluntarily, and failing to comply with their obligations towards their depositors (the "Deposit Cover Scheme"); (ii) indemnify clients to whom credit institutions offer investment services in case such institutions fail to comply with their obligations under said services (the "Investment Cover Scheme"); and (iii) fund credit institutions in the implementation of some of the consolidation measures provided for by Law 3601/2007 (the "Consolidation Scheme").

The capital of each scheme derives from the annual contributions of the participating credit institutions, in accordance with the specified law, which also provides, under certain conditions, for the institution of the additional levy.

The DIGF is funded by annual contributions of participating credit institutions (and cooperative banks). The level of each participant's annual contribution is generally determined according to certain percentages applied to the total amount of eligible deposits. If accumulated funds are not sufficient to cover the claimants whose deposits become unavailable, the participating credit institutions may be required to pay an additional contribution which, nevertheless, may not exceed the amount equal to 300% of each bank's last annual contribution.

Greek law adopted the minimum level of coverage provided by the EU Directive 1994/19/EC on deposit guarantee schemes, which amounts to €20,000 per depositor and credit institution. However, following market developments and based on the resolutions of the meeting of the EU Economic and Financial Affairs Council (ECOFIN Council) on 7 October 2008, the minimum coverage level was increased to €100,000.

In particular, by virtue of Law 3746/2009 (as had been initially introduced by Law 3714/2008), the compensation coverage limit of the same depositor per institution amounts to €100,000, while the coverage limit of each investor-client per credit institution participating in the DIGF's Investment Cover Scheme, with respect to the investment services provided, amounts to €30,000. Moreover, Law 3746/2009 (as amended) regulates the specific issues relating to operation of the DIGF and the Deposit Cover Scheme, the Investment Cover Scheme and the Consolidation Scheme.

Prohibition on Money Laundering and Terrorist Funding

Greece, as a member of the Financial Action Task Force (the "FATF") and as a Member State of the European Union, fully complies with FATF recommendations and the relevant EU legal framework.

Law 3691/2008 (as in force and as amended and supplemented by Law 3932/2011) on the prevention and suppression of money laundering and terrorist funding implemented EU Council Directives 2005/60/EC and 2006/70/EC. The main provisions of Greek legislation on money laundering and terrorist financing are as follows:

- money laundering and terrorist financing constitute criminal offences;
- persons subject to the law include credit institutions, financial institutions and certain insurance undertakings;
- credit institutions (and other persons) are required to identify customers, retain documents and notify authorities of suspicious transactions;
- provisions of privacy law and banking secrecy do not apply to money laundering activities;
- the Committee for the Combating of Money Laundering and Terrorist Financing was established and given responsibility for examining reports filed by banks and other natural or legal persons with respect to suspicious transactions. Among others, several ministries, the Bank of Greece, the HCMC, tax authorities and the police participate in the administration of this committee; and
- the Committee for Processing Strategy and Policies was established for the combating of money laundering and terrorism financing. The Committee consists of senior representatives of, among others, various ministries, the Bank of Greece, the HCMC, tax authorities and the police.

In July 2002, the Greek Parliament adopted Law 3034/2002, which implemented the International Convention for the Suppression of the Financing of Terrorism, with which we are fully compliant. Additionally, we comply with the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (known as the "USA PATRIOT Act of 2001"), which took effect from October 2001 and which has implemented a range of new anti-money laundering requirements applicable to banks and other financial services institutions worldwide.

The Bank of Greece, through its Banking and Credit Affairs Committee, took into account the need for further determination of the said framework, and also issued Decision No. 281/5/2009 on the "Prevention of the use of the credit and financial institutions, which are supervised by the Bank of Greece, for the purpose of money laundering and terrorist financing" and Decision 290/12/11.11.2009 on the "Administrative sanctions framework for the institutions supervised by the Bank of Greece". Decisions 281/5/17.03.2009 and 290/12/11.11.2009 were supplemented by decision 300/30/28.07.2010. In addition, Bank of Greece/AG 2652/29.2.2012 further amended the decisions 281/5/17.3.2009 and 285/6/9.7.2009 (indicative specifications of uncustomary or suspicious transactions in the sense of article 4 paras. 13-14 of law 3691/2008).

Decisions No. 281/5/2009 and 300/30/2010 (as amended and in force) take into account the principle of proportionality, the obligations of all credit and financial institutions and FATF recommendations. The decisions also reflect the common understanding of the obligations imposed by European Regulation 1781/2006 on the information on the payer accompanying funds transfers to payment service providers of payees.

Finally, Greek credit institutions must comply with Regulation 1781/2006 regarding information on the payer accompanying funds transfers.

Payment Services Directive

EU Council Directive 2007/64 on payment services (the "PSD") established uniform rules on electronic payments (e.g., debit card payments or monies transfer) in 30 European countries (EU Member States, Iceland, Norway and Liechtenstein). The PSD sets out information to be furnished to payments services users and renders such payments faster and safer. The PSD also allows new entities, called "payment institutions" (e.g., wire transfer companies, retail sellers and telecom companies) to provide payment services alongside banks as "payment services providers".

The PSD covers any type of payment through electronic means and without cash, from remittances to immediate debit instructions to card payments (including credit card payments), wire transfers, mobile and internet payments, excluding cash payments and cheques. The PSD covers not only payments in euro, but also all EU currencies, subject to the payment services providers (both payer and payee) being located in any of the 30 countries covered by the PSD.

EU Council Directive 2007/64 was transposed into Greek law by Law 3862/2010, according to the provisions of which any payment service provider, including the Bank, must ensure easy access to a minimum of information and transparency concerning the respective payment services, as per the terms and conditions further provided for in said Law. The provisions of Law 3862/2010 regulate banking activity, including the transparency of the terms, notification requirements, contracts, the provision of payment services, refunding and credit to the beneficiary and the valuer. The new legal framework includes a series of provisions protecting the rights of payment services users.

MiFID

EU Council Directives 2004/39 and 2006/73 and Council Regulation 1287/2006 on investment services or the Markets in Financial Instruments Directive ("MiFID") were introduced in Greece by Law 3606/2007 (the "MiFID Law") and subsequent decisions of the HCMC as well as Bank of Greece Governor's Acts. Relevant provisions introduced significant changes with a view to improving the legal framework of investment services: investment services providers must categorise their clients as per the latter's risk profile, offer increased transparency on their fees and expenses charged to said clients, ensure the timely and duly forwarding of clients' orders concerning transactions under the ATHEX, locate and prevent conflicts of interest and other relevant matters.

We have formed our policy and procedures so as to comply with the requirements of such regulatory framework.

Equity Participation by Banks in Other Companies

Banks must follow certain procedures regarding holdings in other companies. Under Law 3601/2007, credit institutions may not have a qualifying holding, the amount of which exceeds 15% of its own funds in an undertaking, which is not a credit institution, a financial institution, an insurance or re-insurance company, an investment firm or an undertaking carrying on activities that are a direct extension of banking or concern services ancillary to banking. The total amount of a credit institution's qualifying holdings in such undertakings may not exceed 60% of its own funds. A "qualifying holding" means a direct or indirect holding in an undertaking which represents 10% or more of the capital or the voting rights, or which makes it possible to exercise a significant influence over the management of that undertaking.

To calculate these thresholds, the following shares or holdings are not taken into account:

- shares or holdings that are held by the credit institution as a result of credit support to an undertaking in distress for a period of one year (which may be extended for one more year following a resolution of the Bank of Greece);
- shares or holdings that are held as a result of underwriting services provided by the credit institution for a period of six months following the end of the subscription period;
- shares or holdings that are held on behalf of a third party; and
- shares or holdings included in the trading book of the credit institution.

The above thresholds or time limits may be exceeded only in exceptional cases and only up to a period of six months, following a decision of the Bank of Greece to that effect, provided that the credit institution either increase its own funds or takes equivalent measures. The Bank of Greece may also allow the aforementioned limits under Article 23 of Law 3601/2007 to be exceeded, provided that the excess is fully covered by own funds, which are not taken into account for the calculation of the capital adequacy ratio. If both thresholds are exceeded, the amount to be covered by own funds should correspond to the greater excess.

The aforementioned limits under Article 23 of Law 3601/2007 are subject to supervision on an individual and consolidated basis under the provisions of Law 3601/2007.

Furthermore, according to Act No. 2604/2008 of the Governor of the Bank of Greece, the provisions of which have been specified in Resolution 281/10/17.03.2009 of the Banking and Credit Committee, credit institutions must obtain central bank approval to acquire or increase a qualifying holding in the share capital of credit institutions, financial services companies, insurance and re-insurance companies, IT and financial data collection processing companies, asset and liability

management companies, venture capitalists, real property management companies, paying systems management companies and external credit assessment institutions.

The provisions of the abovementioned Act do not apply to branches of credit institutions with their registered seat in a country of the European Economic Area, or outside the European Economic Area provided that the Bank of Greece has recognised the equivalence of their prudential regime.

Prior approval for the acquisition or increase of a qualifying holding is not required in any of the following circumstances:

(a) if the value of the qualifying holding does not exceed, in the aggregate and taking into account any increases effected within the same calendar year, 2% of the credit institution's own funds, as calculated on the basis of the data for the immediately preceding calendar quarter;

(b) if the value of the qualifying holding amounts to, in the aggregate and taking into account any increases effected within the same calendar year, between 2% and 5% of its own funds as calculated on the basis of the data for the immediately preceding calendar quarter, provided that:

- the capital adequacy ratio (on a consolidated basis), after calculating the influence of such "qualifying holding", exceeds the minimum ratio required by Law 3601/2007 plus (i) one percentage point in case of credit institutions having the status of a *société anonyme* and (ii) five percentage points in case of cooperative banks; and
- the ratio of the core or Tier I capital to the assets of the credit institution amount to at least 6%;

(c) if the acquisition or increase of the qualifying holding:

- is a result of investments made by investment companies under Law 3371/2005 or real estate investment companies under Law 2778/1999;
- is the result of underwriting services provided by the credit institution for a period of six months following the end of the subscription period; or
- is effected without the direct or indirect disposal of funds by a subsidiary, with the exception of exchange of shares in the case of credit institutions' mergers. In such case the provisions of paragraphs (a) and (b) above apply; and

The value of qualifying holdings under this paragraph (c) is not taken into account for the calculation of the qualifying holdings for the purposes of paragraphs (a) and (b) above.

(d) if the acquisition or increase of the qualifying holding in an undertaking is supervised by the Bank of Greece, provided that such holding is subject to approval pursuant to the general provisions regarding the establishment and operation of such undertaking and the suitability of its shareholders. The value of such qualifying holding is not taken into account for the calculation of the qualifying holdings for the purposes of paragraphs (a) and (b) above.

Subject to EU regulations, new and significant holdings (concentrations) that can confer control over an undertaking must be reported to the Hellenic Competition Commission according to Law 3959/2011, as currently in force, and notified to the European Commission, provided they have a Community dimension pursuant to the Regulation 139/2004 on the control of concentrations of undertakings, following the procedure set out therein (as supplemented by Article 8 of Law 3723/2008). The Greek credit institutions shall also comply with Article 88 of Law 3601/2007) in respect of interest rates over accrued loans and other credit facilities.

The HCMC and ATHEX must be notified once certain ownership thresholds are crossed with respect to listed companies, according to Law 3556/2007 and ATHEX Regulations.

Equity Participations of Individuals or Legal Entities in Greek Banks

Any individual or legal entity intending to acquire certain legally defined thresholds of equity participation in or control of a Greek bank must notify the Bank of Greece of such intention, pursuant to Article 24 of Law 3601/2007, as amended by Law 3862/2010.

The Bank of Greece will conduct an assessment of the acquirer and approve or reject the contemplated acquisition. The notification obligations also exist in the case where an individual or legal entity decides to cease to hold, directly or indirectly, an equity participation in a Greek bank or to reduce its current participation resulting in a decrease thereof below the legally defined thresholds.

Interest Rates

Under Greek law, interest rates applicable to bank loans and bank credit in general are not subject to a legal maximum, but must comply with certain requirements intended to ensure clarity and transparency, including with regard to their readjustments.

Limitations apply to the compounding of interest. In particular, the compounding of interest with respect to bank loans and credits only applies if the relevant agreement so provides and is subject to limitations that apply under Article 30 of Law 2789/2000 and Article 39 of Law 3259/2004.

Default interest may not exceed the aggregate of contractual interest plus a maximum amount determined from time to time by the Bank of Greece.

Loan Collateral

Since 1992, banks have been allowed to provide collateral loans and credit to their customers, secured against real estate and movable property, including cash. Mortgage financing from banks is mostly made in the form of a prenotation of mortgage, due to the lower cost and easier registration procedure as compared to a mortgage. A prenotation of mortgage may be converted into a full mortgage by virtue of a final court decision ordering payment.

Restriction Regarding the Liquidation of Collateral

Pursuant to a temporary suspension imposed by law, banks in Greece may not initiate auctions to satisfy claims against debtors if such claims do not exceed €200,000. The suspension on auctions was initially set to expire on 31 December 2009 but was recently extended until 31 December 2013.

Professional and Corporate Loan Restructurings

In January 2010, Law 3816/2010 regulating the restructuring of overdue and repayment of performing loans of individuals and legal entities, professionals and businesses entered into force. In both cases the applicability of the relevant provisions is subject to submission of a relevant request by the debtor to the bank no later than 15 April 2010.

More specifically, the Law provides, among others, the following:

- for debts not exceeding €1.5 million per loan or credit agreement which have become due on or after 30 June 2007 and until the publication of Law 3816/210 (i.e. 26 January 2010): default interest and compound interest is written off and deducted from the amount due until 26 January 2010, to the extent not already paid. The repayment schedule of these debts depends on a series of factors, including if the relevant loan agreement has been terminated by the bank or if the credit has been provided through open accounts, while, for the first two years of the repayment period, only interest shall be payable. Any collateral initially granted as security for such debt remains in force, no further formality being required to that effect.
- For loan or credit amounts overdue from 1 January 2005 to 30 June 2007, an additional condition applies: the debtor must pay by 15 May 2010 an amount equal to 10% of the debt minus default and compound interest.

The law suspended enforcement proceedings until 31 July 2010 for the debtors who have timely submitted a restructuring request.

Law 3816/2010 also gave the possibility to restructure performing loans of an outstanding principal not exceeding €350,000. Restructuring options include a one-year grace period (without payment of both interest and capital) and extension of the loan's final maturity by three years.

Given that applicability of the restructuring schemes was conditional on the submission of a relevant request by a designated deadline which has not been extended, it is no longer possible for a debtor to request submission to the provisions of such law.

Settlement of Debts of Non-professional Individuals

Law 3869/2010 came into effect on 3 August 2010 to give individuals unable to make payments under their debts the opportunity to achieve a judicially mandated arrangement to restructure the terms of such debts and, so long as they abide by the terms of the arrangement, to be discharged from the debt outstanding after four years. The law applies to all natural persons, consumers and professionals, with the exception of merchants.

Law 3869/2010 applies to all categories of debt to banks (consumer, mortgages and professional) as well as all categories of debt to third parties, except debts arising out of torts or intentional malicious acts (wilful offences), administrative fines, pecuniary sanctions, taxes and fees to the central and local government, duties to public law legal entities, contributions to social insurance institutions and loans granted by social insurance institutions.

In order to be eligible for an in-court arrangement, a debtor is required to have attempted to settle its debts out-of-court during the six-month period preceding the submission of an application to the court. Within five business days from the submission of the application, the banks must deliver an analytical statement of the debt in question (principal, interest and expenses). Law 3869/2010 does not apply to debts created during the year before the submission of the relevant application to the court. A debtor may be discharged of its debts only once under Law 3869/2010.

A debtor must submit the application to the Lower Instance Court presenting evidence regarding its property, income, debts and a settlement proposal. The settlement proposal must be accepted by all the creditors in order to be ratified by the court. If creditors representing debt which exceeds 50% of the total debt, including the entirety of the claims which are secured *in rem*, and creditors representing debt which exceeds 50% of labour claims, agree on the settlement, then the rejection of the settlement agreement by the rest of the creditors may be substituted by certain other conditions. The claims of the creditors which are secured with a special privilege or in rem will continue to accrue with a contractual interest until a final court ruling is issued. The rest of the claims cease to bear interest from the notification of the application. These debts are considered to be due and payable and are calculated with their current value at the time of the notification of the application.

Debts to creditors who did not lodge their claims remain unaffected. The debtor undertakes the obligation to pay a portion of his income to his debtors each month for four years. The amount to be paid is set by the competent court on the basis of his income and having regard to the everyday needs of the debtor and dependant members of his family. The court may even discharge the debtor to pay this monthly amount, where the debtor finds himself in an extremely difficult position, such as, amongst other circumstances, unemployment or health problems; however, the situation is re-examined by the court after five months. The court may deem necessary the liquidation of the debtor's property and may appoint a liquidator. In this case, the debtor may submit to the court a liquidation proposal, requesting that his primary residence be exempted from the liquidation, the value of which does not exceed the non-taxable amount for the acquisition of the first residence, increased by 50%. In this case the court regulates the satisfaction of claims of an amount equal to 85% of the commercial value of the main residence and it may provide for a favourable interest rate and a grace period for a period of up to 20 years.

In the event that an enforcement procedure of any kind is initiated or continues after the submission of the application to the competent court over the debtor's property, the court, following a relevant petition of the debtor which is decided upon by the procedure of interim junction, may order the cessation of the enforcement procedure, where the submission of the debtor to the favourable settlement provisions may reasonably be considered probable. Repayment of the creditor's debts in accordance with the court ruling discharges the debtor from the obligation to repay any outstanding amount of the claims, including claims of creditors which had not lodged their claims. Following a petition by the debtor, the court certifies this discharge. Where the debtor delays the satisfaction of the claims for more than three months or is repetitively reluctant to comply with the court ruling concerning the settlement, the court orders the exemption of the debtor from the favourable provisions, upon petition of a creditor, which must be submitted within four months from the reason which may justify the exemption at the latest. In this case all creditors' claims revive at their initial amounts minus any amounts paid in the meanwhile by the debtor. The creditors' rights against co-debtors or guarantors are not affected unless these co-debtors or guarantors are subject to the same insolvency procedure. Co-debtors or guarantors do not have recourse against the debtor for any amounts paid. The rights of *in rem* secured creditors remain unaffected. No auction of the only residence of the

debtor (whether a merchant or not) may take place until 31 December 2013, where the value of this residence exceeds the non-taxable amount for the acquisition of the residence increased by 50%.

Consumer Protection

Banks are subject to legislation (most notably Law 2251/1994) that seeks to protect consumers from abusive terms and conditions. Such legislation sets forth rules on the distance marketing and advertisement of consumer financial services, prohibits unfair and misleading commercial practices, and includes penalties for violations of such rules and prohibitions. In addition, consumer protection legislation sets out the framework for the establishment, organisation and operation of consumer associations, introduces amicable settlement of disputes as a way of resolving consumer disputes, regulates issues relating to the representation of consumers and the preconditions for collective actions, as well as the legal consequences of such actions.

Law 2251/1994, among others, prohibits the seizure of the debtor's real estate property by credit institutions in order to satisfy their claims arising from consumer loans and credit cards, where evidence is provided that such property constitutes the debtor's primary residence and (i) the claim of the bank does not exceed the amount of €20,000, (ii) no prenotation of mortgage or full mortgage in favour of the bank has been registered on this said property with the debtor's consent and (iii) evidence is provided that the debtor cannot meet his obligations.

At the same time, various consumer protection issues are regulated through regulatory administrative acts, such as the Decision No. Z1-798/2008 of the Minister of Development on the prohibition of general terms which have been found to be abusive by final court decisions, as amended and complemented by Decision Nos. Z1-21/2011 and Z1-74/2011 of the Deputy Minister of Labour and Social Solidarity. By virtue of the Joint Ministerial Decision No. Z1-699/2010 of the Ministers of Finance, Economy, Competitiveness and Shipping, Justice, Transparency and Human Rights, Directive 2008/48/EC of the European Parliament and of the Council on credit agreements for consumers and repealing the previous Directive 87/102/EEC, has been transposed into Greek law. This Decision provides the minimum content of pre-contractual information, introduces the obligation to assess the creditworthiness of the consumer, provides the minimum content of information and consumers' rights with respect to credit agreements, establishes the real total annual interest rate and regulates issues regarding credit providers and credit intermediaries and other specific issues.

The Hellenic Republic Bank Support Plan

In November 2008, the Greek Parliament passed Law 3723/2008 setting out the Hellenic Republic Bank Support Plan. The law was passed with the goal of strengthening Greek banks' capital and liquidity positions in an effort to safeguard the Greek economy from the adverse effects of the global financial crisis. For more information on the Hellenic Republic Bank Support Plan and our participation in the plan, see "The Banking Sector and the Economic Crisis in Greece—The Hellenic Republic Bank Support Plan".

Economic Adjustment Programmes, the PSI and Buy-Back Programme

The Economic Adjustment Programmes, the PSI and the Buy-Back Programme have had significant effects on the Greek banking sector. For more information, see "The Banking Sector and the Economic Crisis in Greece—Economic Adjustment Programmes, the PSI and Buy-Back Programme".

The Hellenic Financial Stability Fund (HFSF)

The HFSF was established in 2010 with the objective of helping to maintain the stability of the Greek banking system by providing equity capital to credit institutions. For more information, see "The Banking Sector and the Economic Crisis in Greece—The Hellenic Financial Stability Fund (HFSF)".

Monitoring Trustee and the Commitments of the Greek Government on the Basis of the First Review of the Second Economic Adjustment Programme for Greece (December 2012)

In January 2013, monitoring trustees ("Monitoring Trustees") were appointed in all banks under restructuring, in accordance with the commitments undertaken by the Hellenic Republic towards the European Commission in December 2011, regarding banks under restructuring, in the Memorandum of

Economic and Financial Policies, contained in the First Review of the Second Economic Adjustment Programme for Greece.

The Monitoring Trustees are respected international auditing or consulting firms endorsed by the European Commission on the basis of their competence, their independence from the banks and the absence of any potential conflict of interest. In each credit institution under restructuring, the Monitoring Trustees work under the direction of the EC, within the terms of reference agreed with the EC, ECB and IMF staff. They submit quarterly reports on governance and operations, as well as ad-hoc reports as needed. They liaise closely with the EC and ECB observers at the HFSF and share their report with the HFSF. In line with the EU state aid rules, the Monitoring Trustees are responsible for overseeing the implementation of restructuring plans. This includes, *inter alia*, verifying proper governance and the use of commercial-basis criteria in key policy decisions even in the absence of an approved restructuring plan. Finally, the Monitoring Trustees closely follow the banks' operations and have permanent access to board of directors' meeting minutes, and are observers at the executive committees and other critical committees, including risk management and internal audit functions. KPMG has been appointed as our Monitoring Trustee.

In addition to the appointment of Monitoring Trustees, the commitments undertaken by the Greek government refer to the following:

(i) the assurance of an effective and sufficient system of corporate governance pursuant to the corporate law and the supervision rules of the Bank of Greece and the HFSF;

(ii) the implementation of a credit policy which ensures the equal treatment of creditors, including persons affiliated with the Bank, supervision of the implementation of the credit policy by means of appropriate instruments for risk monitoring and incorporation into the credit policy of rules for the pricing policy of loans as well as rules for restructuring or rescheduling of loans;

(iii) the implementation of a pricing policy for deposits which enhances the viability and profitability of the Bank;

(iv) the implementation of a balance policy for the decrease of operational costs for the purpose of enhancing long-term profitability without adverse effect on the Bank's operation and the level of services provided to clients;

(v) the alignment of the employees' remuneration policy with the policy of costs management and adoption of best practices pursuant to international standards for the management of risks;

(vi) restrictions on the payment of dividends or coupons on shares or titles issued by the Bank classified as own funds, unless there is a legal obligation for payment (of dividend or coupon); on the Bank exercising a call option for the aforementioned shares or titles, if the exercise of such right will result in decrease of regulatory (own) capital; any repurchases of bonds issued by the Bank on which the Directorate General for Competition of the EU consents are excluded;

(vii) restrictions on acquisitions of other companies (an acquisition ban); acquisitions effected following the consent of the Directorate-General for Competition of the EU for assuring financial stability or effective competition, are excluded; furthermore, acquisitions against consideration of 0.01% of the total assets of the Bank (or cumulatively 0.025% in the case of more than one acquisition) as well as acquisitions in the context of banking activities for loans restructuring are excluded; and

(viii) restrictions on advertising of state aids granted to the Bank.

In accordance with the provisions of Greek Law 3864/2010, our relationship with the HFSF following the completion of the Ordinary Share Capital Increase will be governed by a relationship framework agreement, as provided in the Memorandum of Economic and Financial Policies, which is expected to come into force in the near term. The relationship framework agreement may contain terms and commitments in addition to those we are already subject to. We intend to inform investors upon execution of the relationship framework agreement in accordance with Law 3340/2005.

SECURITIES TRADING IN GREECE

The ATHEX

General

The ATHEX was established in 1876, with Greek government bonds and the shares of the National Bank of Greece S.A. as the first securities to be traded thereon. Four years later, the ATHEX officially opened as an exchange, following the election of its first board of directors. Today, the ATHEX is the operator of the Greek securities market, derivatives market and bonds market.

Since 1995, the ATHEX has progressively been privatised, and its privatisation is now complete. Today, the HELEX, which was formed on 29 March 2000, owns 100% of the ATHEX, and the majority of the share capital of the Thessaloniki Stock Exchange Centre S.A. HELEX is listed on the ATHEX.

On 31 May 2001, the ATHEX was upgraded by the Morgan Stanley Composite Index from emerging to developed market status. Today, the ATHEX operates four regulated markets: the Securities Market, the Derivatives Market (which includes the Repo Market), the ETF Market and the Bonds Market. A non-regulated market, the "Alternative Market" or "EN.A."), has been established by virtue of Article 29 of Law 3556/2007 and HCMC Decision 4/443/2007. Pursuant to the entry into force of the MiFID and HCMC Decision No. 2/477/1.7.2008, which governs the requirements of an operation licence for a multilateral trading facility, EN.A.is operated by the ATHEX in accordance with HCMC Decision No 2/505/2009. EN.A. is a multilateral trading facility within the meaning of the MiFID and therefore, the obligatory provisions that apply in regulated markets and impose strict admission and ongoing requirements are not applicable. EN.A. is supervised by the HCMC.

For the year ended 31 December 2011, the average daily value traded on the ATHEX was €82 million. For the year ended 31 December 2012, the average daily value traded on the ATHEX was €52 million. From 1 January 2013 to 28 March 2013, the average daily value traded on the ATHEX was €65 million. On 28 March 2013, 251 companies had shares listed on the Securities Market of the ATHEX and the total market capitalisation of the ATHEX was €33.5 billion.

The ATHEX is regulated under a series of laws enacted by the Greek Parliament and decisions and regulations issued by the board of directors of the HCMC and the board of directors of the ATHEX. ATHEX's operations are mainly governed by ATHEX Regulation (as amended from time to time) and secondary regulation issued by the ATHEX board of directors.

Membership of the ATHEX

Membership is required for investment services firms and for credit institutions in order to effect transactions on the ATHEX. Membership is subject to approval by the ATHEX board of directors and licensing by its supervisory authority, the HCMC or the Bank of Greece in the case of a Greek investment services firm or a credit institution, respectively. In addition, ATHEX members must appoint at least one official representative who is authorised to conduct transactions on the ATHEX. Such representative must fulfil certain qualifications required by law and pass an examination given by the HCMC. For companies established in Greece, certain minimum capitalisation requirements exist in order to obtain a licence to operate an investment services firms and qualify as an ATHEX member. ATHEX members may engage in transactions through the Automated Exchange Trading System ("OASIS") on behalf of their clients or on their own behalf.

Pursuant to the ATHEX Regulation, investment services firms established in the European Union or the European Economic Area may become "remote members" of the ATHEX without being required to have a permanent establishment in Greece. Nevertheless, they would need to appoint a local custodian, acting in their name and on their behalf, to clear and settle stock exchange transactions and any other actions in relation to which they would be otherwise required to perform by being physically present in Greece. Such appointment is not necessary if the remote member has established a direct connection with the Greek Dematerialised Securities System (the "DSS"). In the latter case, the remote members would need to appoint a representative and agent for the service of process in Athens.

Stock Market Indices

The ATHEX Composite Index is the most commonly followed index in Greece. It is a market capitalisation based index that tracks the share price movement of 49 leading Greek companies, listed today under the Main Market category. The table below sets out the movement of the ATHEX

Composite Index. The highs and lows are for the periods indicated and the close is on the last trading day of the period.

Year	High	Low	Close
2002	2,655.1	1,704.7	1,748.4
2003	2,326.6	1,462.2	2,263.6
2004	2,801.7	2,225.2	2,786.2
2005	3,663.9	2,786.5	3,663.9
2006	4,404.4	3,362.2	4,394.1
2007	5,346.0	4,245.2	5,178.8
2008	5,207.4	1,626.6	1,786.5
2009	2,932.5	1,457.8	2,196.2
2010	2327.57	1403.92	1413.94
2011	1715.13	650.50	680.42
2012	912.70	476.36	907.90

Other composite indices were introduced subsequently to the ATHEX; these include:

Composite index	Time of introduction	Composition
FTSE/ASE Large Cap	December 2012	25 largest companies by market capitalisation listed on the ATHEX
FTSE/ASE MidCap	December 1999	20 largest companies by capitalisation, ranking after those listed on the FTSE/ASE Large Cap, according to Ground Rules for the Management of the FTSE/ ASE Large Cap and FTSE/ASE Mid Cap Indices
FTSE/ATHEX Market Index	January 2003	Constituents of the FTSE/ASE Large Cap and MidCap and the constituents that have passed the investability screenings

Trading on the ATHEX

In the Securities Market, the following types of securities are traded: shares, rights on shares, fixed income securities, Greek certificates and generally certificates representing securities parts of exchange traded funds, structured financial instruments as well as any other security as defined in the MIFID Law as in force. The securities of companies listed on the Securities Market are classified into one of seven categories: (a) the General Category (Main Market); (b) the Fixed Income Securities Category; (c) the Traded ETFs Category (d) the Exchange Traded Funds Category; (e) the Under Surveillance Special Category; (f) the Low Dispersion Special Category ; and (g) the Subject to Deletion Special Category . When securities are listed for the first time on the Securities Market of the ATHEX, they will fall within one of the categories referred to above, as decided by the ATHEX. The trading of shares on the Securities Market of the ATHEX is conducted through the remote placing of orders into OASIS from the ATHEX members' offices. Trading on the ATHEX takes place every week from Monday to Friday, except for public holidays. In general, the daily trading session for the General Category (Main Market) is as follows according to Decision 22/2008 of the board of directors of the ATHEX, as amended on 29 November 2012: pre-trading session from 10:15 to between 10:29 and 10:30, continuous trading from 10:30 to 17:00, at the closing auction session from 17:00 to between 17:05 and 17:06 and trading at the closing session from 17:06 to 17:20. The Regulation and the Decision 22/2008 of the board of directors of the ATHEX, as amended, contains detailed provisions regarding the trading of shares and other securities listed on the different categories of the Securities Market of the ATHEX.

In principle, all share prices of shares classified under the General Category (Main Market) are eligible for maximum +/—30% fluctuations from the "opening price" (as the latter is defined in the Regulation and Decision 22/2008 of the board of directors of the ATHEX, as amended). Moreover, pursuant to the Regulation, the ATHEX introduced volatility interrupters to check abrupt share price changes in this Category. In general, volatility interrupters allow for the automated cessation of trading of a share and the carrying out of a call auction when: (i) the share price changes 10% or more from the opening price; and (ii) the transaction to be carried out represents a large variation (i.e., approximately 3% change) compared with the previous one. After the temporary cessation of

trading, a call auction is carried out to determine the "effective" price for the share. The particular process and details for the implementation of the volatility interrupters are specifically set out in Decision 22/2008 of the board of directors of the ATHEX, as amended.

Disclosure Requirements

Pursuant to Law 3556/2007, implementing Directive 2004/109 EC, when, as a result of a transfer of shares of a company listed on the ATHEX, a person owns or indirectly controls a percentage equal to or in excess of 5%, 10%, 15%, 20%, 25%, 33.3%, 50% or 66.6% of the voting rights of the such listed company, or such ownership or control falls below these levels, the holder (and, subject to certain conditions, other persons whose voting rights are aggregated with the holder's) is required to notify the company and the HCMC within three trading days following the date he or she was informed or should have been informed of the acquisition or the sale of the shares (pursuant to HCMC Decision No. 1/434/3.7.2007, the holder obliged to proceed to the above notification is considered to have been informed of the acquisition at the latest within two trading days following the transaction). The listed company is obliged to publicise its holdings and percentage of voting rights within two trading days. When a person holds an interest of more than 10% of the voting rights of a company whose shares are listed on the ATHEX and that person's interest increases or decreases by more than 3% of the total voting rights in the company, then that person is similarly required to notify the company and the HCMC within three trading days and the company is obliged to publicise his or her holdings and percentage of voting rights in writing within two trading days. This obligation also applies when the changes in the percentages of voting rights result from corporate actions which alter the distribution of voting rights.

According to Law 3340/2005 persons discharging managerial duties and persons closely connected to the above holders (as defined in HCMC Decision 3/347/12.7.2005) are obliged to notify the company of their transactions effected on their behalf and which are related to the shares of the company, derivatives or other financial instruments connected to the above. Pursuant to HCMC Decision 3/347/12.7.2005, such persons include members of the board of directors or other managerial or supervisory bodies of the company, the general manager, the internal auditor, the managers of the corporate announcements and shareholder relations departments, the chief financial officer, the treasurer, the auditors, the head of the legal department, as well as any other executive officer of the company which is not a member of the above bodies but has regular access to privileged information and the authority to adopt managerial decisions which may affect the future development of the company, and persons/legal entities closely connected to the above persons (relatives, spouses etc.). Pursuant to the above decision, such persons should notify the company within two working days following the transactions, and the company should also notify the HCMC and publish the relevant information within the next working day following the above notification. Specific disclosure obligations also apply with respect to the acquisition or disposal of voting rights in companies involved in specific sectors, such as banks and insurance companies.

Settlement, Clearance and HELEX

Settlement of shares listed on the ATHEX is effected through ATHEXClear, a subsidiary of HELEX. ATHEXClear is responsible for settling and clearing transactions on the ATHEX, and holding the shares deposited with it in book entry form. Listed shares are dematerialised.

To participate in the DSS, each investor is required to open a dematerialisation account, which is identified by a dematerialised account number ("DSS account") identifying the end investor. The DSS account includes a securities account and a special account. The securities account, with which the securities held by each investor are registered, may consist of one or more sub-accounts called Operator Accounts. A shareholder who wishes to open a DSS account can appoint one or more ATHEX members or custodian banks as authorised operators ("Operators") of its DSS account. Only Operators have access to information concerning a DSS account, such as account balances. The clearance and settlement procedures through ATHEXClear consist of four principal stages:

(a) *Affirmation, confirmation and verification of transactions from the ATHEX to be cleared by ATHEXClear*

At this stage, after the market closes or during the trading session, the ATHEX, on its own liability, shall transmit to ATHEXClear collective and detailed data regarding transactions that

have been concluded during that trading day. The data transmitted shall be considered affirmed upon dispatch of the relevant receipt by ATHEXClear.

(b) *Finality of the instructions to be cleared*

At this stage and upon completion of any affirmation, check and confirmations, and the removal of any omissions and inconsistencies, the quantitative and monetary values of sell or buy transactions shall be added up per investor or group of investors, per ATHEX member, per trading code of securities and per transaction type. This process is known as curtailment. For the purpose of settlement with Operators, ATHEXClear will specify the average unit price of the sum of the transactions, by dividing the total monetary value of the transactions by the quantity of securities.

Following the process of curtailment, transactions that have been temporarily registered with SAT shall be confirmed and finalised irrevocably and finally, forming the total amount of transactions (of that particular trading day) to be cleared. Confirmation and finality shall be revealed to Operators by use of a relevant electronic message from ATHEXClear. Upon verification and finality, transactions shall not be subject to any further modification, correction or addition by ATHEXClear.

(c) *Allocation of the Operator Account that is administered by an Operator, for each instruction (enrichment)*

Allocation of the Operator Account shall be handled either by the ATHEX member that performed the buy or sell, or by the custodian to whom such buy or sell instruction has been given up, in accordance with the provisions of Section II Part 5 of the Clearing and Settlement Regulation for transactions on transferrable securities in book entry form. The ATHEX member or custodian may proceed to allocation of the Operator Account only for those securities for which is allowed to act as Operator.

(d) *Settlement of instructions*

ATHEXClear transfers sold securities from the Operator Account of the sellers' shares, and books them in the Operator Account of the buyers' shares and, simultaneously, proceeds to the respective debits and credits in the cash settlement accounts of the Operators. Settlement of transactions will be effected by ATHEXClear by means of the "Delivery versus Payment" method (DvP). Multilateral settlement shall be effected by ATHEXClear, until the third business day (T+3) following each trading day (T).

The ATHEX may invalidate a transaction if it considers it necessary for the protection of the investors, in particular in cases of fraud. Liabilities of investment services firms resulting from their trading activities on the ATHEX are guaranteed by the ATHEX Member Guarantee Fund, to which each ATHEX member contributes, and which operates as a separate legal entity and is supervised by HCMC. In addition, another fund, the supplementary clearing fund (the "Clearing Fund"), which operates as a risk-sharing fund in terms of the MiFID and the MiFID Law, provides, subject to ATHEXClear approval, immediate coverage against liabilities of the ATHEX members in case of default on their behalf in accordance with the provisions of Section IV of the Clearing and Settlement Regulation for transactions on transferrable securities in book entry form. The manager and custodian of the Clearing Fund is ATHEXClear.

Settlement and Clearance through Euroclear and Clearstream Banking

If any investor elects to hold its shares in a company listed on the ATHEX through Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream Banking"), such shares will be held in accordance with the applicable terms and conditions and operating procedures governing use of Euroclear or Clearstream Banking, as amended from time to time. Any investor who so holds shares shall have the right to receive the number of shares so held, upon compliance with the foregoing terms, conditions and operating procedures of Euroclear or Clearstream Banking, subject to the applicable provisions of Greek law.

With respect to any shares of a company listed on the ATHEX that are held through Euroclear or Clearstream Banking, such shares will be initially registered in the name of a nominee of Euroclear or Clearstream Banking, or in the name of its respective custodian located in Greece, as the case may be. Thereafter, investors may have direct access to the shares so held, upon (i) payment of the applicable

fees and taxes described below, if any, (ii) compliance with the applicable provisions of Greek law regarding transfer of ownership of such shares (which may restrict the transfer of the shares to the investor at the price it paid for such shares) from Euroclear or Clearstream Banking or their nominee or respective custodian located in Greece, as the case may be; and (iii) obtaining the relevant recording in the book-entry registry kept by HELEX. Under Greek law, only the record holder of the shares (according to the registry kept by HELEX) is considered to be the owner of the shares, and as a result, entitled to sell, create a security interest over or otherwise deal with the shares, or receive dividends and other distributions and to exercise voting, pre-emptive and other rights in respect of such shares. Euroclear or Clearstream Banking or its respective nominee or custodian located in Greece will be sole record holders of the shares held through Euroclear or Clearstream Banking until such time as investors exercise their rights to cause them to transfer ownership of the shares in accordance with the applicable provisions of Greek law and obtain the recording of the investor's ownership of the shares in the book-entry registry kept by HELEX.

Proceeds from the sale of the shares, cash dividends or cash distributions, as well as stock dividends or other distributions of securities, received in respect of the shares that are registered with HELEX in the name of Euroclear or Clearstream Banking or its respective nominee or custodian located in Greece will be credited by Euroclear or Clearstream Banking to the cash accounts maintained on behalf of the investors or their custodians at Euroclear or Clearstream Banking, as the case may be, after deduction for applicable withholding taxes, if any, in accordance with the applicable terms, conditions and procedures of Euroclear or Clearstream Banking and the laws of Greece.

Euroclear and Clearstream Banking will endeavour to inform investors of any significant events of which they have notice affecting the shares recorded in their name or their respective nominee or custodian located in Greece and requiring action to be taken by investors. Each of Euroclear and Clearstream Banking may, at its discretion, take such action as it deems appropriate in order to assist investors to direct the exercise of voting rights in respect of the shares. Such actions may include: (i) acceptance of instructions from investors to execute or to arrange for the execution of proxies, powers of attorney or other similar certificates for delivery to us or our agent; or (ii) voting of such shares by Euroclear or Clearstream Banking, or their respective nominee or custodian located in Greece in accordance with the instructions of investors, subject to compliance with the applicable provisions of Greek law.

If we offer or cause to be offered to Euroclear or Clearstream Banking, or its respective nominee or custodian located in Greece, as the record holders of the Ordinary Shares, any rights to subscribe for New Shares or rights of any other nature with respect to the Ordinary Shares, each of Euroclear and Clearstream Banking will endeavour to inform investors of the terms of any such rights issue of which it has notice in accordance with the provisions of the regulations and procedures referred to above. Such rights will be exercised, insofar as practicable and permitted by applicable law, according to written instructions received from investors. Such rights may be sold and, in such event, the net proceeds will be credited to the cash account maintained on behalf of the investor or its custodian with Euroclear or Clearstream Banking, as the case may be. Beneficial holders of Ordinary Shares held through either Euroclear or Clearstream Banking will be subject to the settlement procedures of that clearing system and may experience delays in the trading and settlement as compared with holders of Ordinary Shares through an ATHEX member or authorised operator.

Pursuant to Law 3556/2007, Euroclear will be required to notify the ATHEX if the percentage of our Ordinary Shares held by its nominee equals or exceeds 5% of our voting rights. Any trade that may result in Euroclear or its nominee reaching or crossing this threshold may in certain cases be rejected. In such event, the acquirer would be required to hold the Ordinary Shares in question either through a DSS account with the HELEX or through Clearstream Banking, or its custodian located in Greece.

Requirements for Listed Companies

Greek law provides for a number of requirements for listed companies on the ATHEX to, among other things, publicly disclose inside information, provide HCMC with a list of insiders, issue annual reports, appoint internal auditors and draft bylaws related to the operation of the company. See "Management and Corporate Governance".

A significant part of such requirements is contained in Law 3340/2005 (the "Market Abuse Law", which implemented Directive 2003/6/EC on insider dealing and market manipulation and Directives 2003/124/EC, 2003/125/EC and 2004/72/EC), the Regulation and HCMC Decision No. 3/347/12.7.2005.

Pursuant to Article 10 of the Market Abuse Law, all companies whose shares are listed on the ATHEX should announce to the ATHEX for publication any "inside information" (as defined in the Market Abuse Law) which directly concerns them. Events which could be deemed to form "inside information", pursuant to Decision No. 3/347/2005 of the HCMC, include (a) a material change in its business or in the business of a company included in its consolidated financial statements; (b) the conclusion or termination of material cooperations or business alliances in Greece or abroad and the acquisition of patents and inventions; (c) the initiation of a tender offer; (d) the participation in any process involving a merger, de-merger, buy-out, purchase or sale of shares, excluding corporate transformations of 100% subsidiaries; (e) any change in the composition of the company's board of directors, general managers, auditors and heads of finance; (f) the distribution and payment of dividends, and the issue, distribution or conversion of shares; (g) any re-organisation of an operation or activity expected to materially influence the company's financial condition and results; (h) any change in any material information set out in the company's most recent information memorandum or annual report; (i) any material change in the company's assets and capital structure; (j) any legal or judicial dispute which may have a material impact on the financial results of the issuer; (k) share buy-back programmes; (l) acquisition of treasury shares scheme; (m) bankruptcy petitions or similar court decisions; (n) revocation of a decision for the granting of credit by creditors or refusal of such granting; (o) material changes in the estimated or forecasted results announced; (p) lack of creditworthiness of the company's debtors that may affect its financial condition and results; and (q) any change that materially affects the structure or the consolidated financial data of the company. The same announcement obligations apply in circumstances where "inside information" has leaked.

Similar disclosure requirements are also contained in HCMC Decision No. 5/204/14.11.2000, which requires a listed company should announce to the ATHEX for publication in the Daily Official List thereof whether certain information or rumours relating to its business activities and operations are accurate, inaccurate, true or false and provide all relevant details available to it, and Law 3016/2002 on corporate governance and 3371/2005 on issues of capital market and other provisions and Law 3556/2007.

Furthermore, Law 3461/2006 (which implemented the EC Directive 2004/25) regulates the public takeover bids for securities that are issued by a company established in Greece and listed on the ATHEX. Pursuant to such law, anyone who proceeds with a voluntary takeover bid for a public company is obliged to acquire the totality of the shares tendered, unless such person has limited his or her offer to a maximum amount of shares, in which case offerees should be satisfied pro rata. A person may further define a minimum number of shares which must be tendered, in order for the bid to remain in force. In addition, any person who acquires, directly or indirectly, shares and due to such acquisition holds more than one-third of the total voting rights of a locally listed company, including any voting rights held by third parties acting on behalf of or in concert with such person, is obliged within 20 days to make a mandatory public takeover bid for the remaining shares of that company (subject to certain exceptions and qualifications).

Any public takeover bid must be communicated in writing, prior to its announcement to the public, to the HCMC and the board of directors of the target company, and by the end of the next business day on the ATHEX's website, the ATHEX's Daily Official List and the company's website. The publication must be made in the Greek language, and if the company is listed on a foreign stock exchange, in the English language as well. In addition, the bidder must also issue and make public (following the approval of the HCMC) an information circular containing certain data required by Law 3461/2006. The results of the bid are to be published within two business days from the end of the acceptance period.

FOREIGN INVESTMENT AND EXCHANGE CONTROL REGULATIONS IN GREECE

The following is a summary of relevant Greek laws in force as at the date of this Offering Memorandum. This summary does not purport to be a comprehensive description of all the foreign investment and exchange control considerations that may be relevant to your decision to subscribe for or to purchase the New Shares.

Foreign Exchange

Starting in 1991, Greek foreign exchange restrictions were gradually relaxed, and were totally eliminated concurrently with the adoption of the euro on 1 January 2001. Under Article 4 of Law 2842/2000, effective 1 January 2001, credit institutions operating in Greece and authorised to enter into foreign currency transactions can freely enter into transactions of any type in foreign currencies and foreign notes, on their own account and at their own risk, in accordance with the provisions in force.

A 2% requirement of re-deposit and assignment, which currently applies to deposits in euros, applies to foreign currency deposits as well. Further, credit institutions operating in Greece publish daily rate bulletins of buy/sell exchange rates of foreign currencies and notes for the purposes of trading with the public. The relevant bid/offer spreads are determined freely. The Bank of Greece publishes daily reference exchange rates of the euro against foreign currencies based on the corresponding foreign exchange rate bulletins of the ECB.

Prospective purchasers should consult with their own tax advisers concerning the overall Greek tax (including capital gains, inheritance or succession, and gift tax) consequences of the acquisition, ownership and disposition of the New Shares.

DESCRIPTION OF SHARE CAPITAL

The Bank was incorporated in Greece on 6 July 1916 pursuant to the laws of the Hellenic Republic and is presently operating as a credit institution in the form of a *société anonyme* under Law 2190/1920 and Law 3601/2007, in each case as amended. The Bank was nationalised in 1975 and reverted to private ownership in 1991. The Bank is a company limited by shares with the legal name "Piraeus Bank Société Anonyme". The Bank's commercial name is Piraeus Bank S.A. The duration of the Bank as determined by our Articles of Association has been extended to terminate on 6 July 2099. The Bank is registered in Greece (number 225501000) and has its registered office at 4 Amerikis Str., 105 64 Athens, Greece. The telephone number of the Bank is +30 210 333 5000. It has been listed on the ATHEX since 1918, and is subject to regulations and supervision by the Bank of Greece, the Hellenic Ministry of Development, Competitiveness, Infrastructure, Transportation and Networks as well as the HCMC.

This section summarises the material rights of holders of our Ordinary Shares under Greek law and the material provisions of our Articles of Association. This description is only a summary and does not describe everything that our Articles of Association contain. It is therefore qualified in its entirety by reference to the full text of our Articles of Association, a free copy of which may be obtained at our registered office.

Share Capital

The Bank has issued ordinary and preference shares under law 2190/1920 and law 3723/2008 and its Articles of Association.

The ordinary shares of the Bank are registered shares with voting rights, the nominal amount of which is expressed in Euro; they are dematerialised shares which were admitted to trading on the Athens Exchange in 1918 and now trade in the Main Market category of the ATHEX under ISIN (International Security Identification Number) GRS014013007. The shares trade in euro and the trading unit for the shares of the Bank listed on the ATHEX is one (1) common dematerialised registered share. The authority which keeps the records for the dematerialised shares is Hellenic Exchanges SA Holding Clearing Settlement and Registry, Athinon Avenue 110, 104 42, Athens, Greece.

In addition the Bank has also issued Special Preference Shares to the Hellenic Republic (see below under "—Special Preference Shares of Law 3723/2008").

With regard to the common shares of the Bank:

- they may be transferred freely; and
- the Bank has not issued convertible securities, exchangeable securities or warrants; however, the following resolutions have been passed authorising the issuance of convertible securities:
    - a decision of the general meeting of shareholders dated 7 May 2008 , which approved the issuance of convertible securities up to the amount of €250 million with pre-emptive rights for existing shareholders and authorised the Board of Directors to determine the time of the issuance of the convertible securities, such time not to postdate 7 November 2013;
    - a decision of the general meeting of our shareholders dated 20 December 2010, which approved the issuance of convertible securities up to the amount of €250 million without pre-emptive rights for existing shareholders and authorised the Board of Directors to determine the time of the issuance of the convertible securities, such time not being able to exceed three years from 20 December 2010; and
    - a decision of the extraordinary general meeting dated 31 January 2013, which approved the issuance of Contingent Convertible Securities up to the amount of €2 billion without pre-emptive rights for existing shareholders, under law 3864/2010 and the Cabinet Act No. 38.

In addition no mandatory tender offer has been submitted for the acquisition of the shares of the Bank nor the provisions relating to the squeeze out and sell out of the minority shareholders of the Bank apply.

No tender offers have been submitted by third parties for the acquisition of the Bank's shares during the previous and the current fiscal year.

The Bank has not entered into any market making contracts.

Form and Transfer of Shares

The New Shares to be issued pursuant to this Rights Offering will be fully dematerialised upon their admission to trading on the ATHEX. Transfers of ownership of dematerialised shares are effected through the ATHEX and following the relevant registration transmitted by ATHEXClear to the Dematerialised Securities System (DSS) and kept with Hellenic Exchanges SA Holding Clearing Settlement and Registry (HELEX).

HELEX issues certificates to shareholders containing provisions regarding the capacity as shareholders, the share identification data, the number of Ordinary Shares owned, the reason for the certificate's issue as well as any possible encumbrances over the Ordinary Shares. These certificates are issued by HELEX following a shareholder's request addressed to HELEX, either directly or through an account operator. Certificates may also be issued directly by an account operator through the DSS, following a shareholder's request to the account operator, provided that the Ordinary Shares for which the certificates are requested are held through an account managed by the account operator. The person whose name appears in HELEX's records will be considered to be the shareholder of a dematerialised share.

Issue of Ordinary Shares and Pre-emptive Rights

Our share capital may be increased pursuant to a decision adopted by a general meeting of our shareholders. This decision of a general meeting requires an increased quorum and majority.

Increases in our share capital decided by our shareholders must be effected by amending our Articles of Association. The full amount of all share capital increases which are not effected through contributions in kind as well as conversions of convertible securities shall be offered on a pre-emptive basis to the existing (at the time of the issue) shareholders according to their shareholding participation in the existing share capital, unless the pre-emptive rights of the shareholders have been limited or repealed by a decision of a general meeting taken by a qualified quorum and qualified majority. If and to the extent the existing shareholders do not exercise their pre-emptive rights within the period prescribed by the competent body of the company (which must be at least 15 days), the Board of Directors can freely dispose of the unsubscribed shares (or convertible securities, as the case may be). Pre-emptive rights may be limited or eliminated by resolution adopted by our general meeting, under the terms set out in Greek corporate law.

In addition, our Board of Directors may decide to increase our share capital provided it has received within the last five years a special authorisation by our general meeting. In such a case the existing shareholders must receive pre-emptive rights in the share capital increase. Following the completion of the share capital increase, the next general meeting must amend our Articles of Association to reflect the increased share capital.

Furthermore, according to our Articles of Association, where the Bank has already issued shares of more than one category and the voting rights and/or the rights to participate in the profits and liquidation proceeds are different for each category, it is possible to increase the share capital corresponding to only one of these categories with the approval of the other categories whose rights are affected. In this case, the shareholders of the other categories may only exercise pre-emptive rights after the exercise of pre-emptive rights by the shareholders of the category to which the new issued shares belong.

In accordance with the decisions of the Second Iterative General Meeting of the Bank's shareholders dated 23 April 2013, a meeting of the holder of the Special Preference Share dated 23 May 2013 and the relevant authorisations, on 29 May 2013, our board of directors resolved to reduce the number of the Bank's outstanding Ordinary Shares from 1,143,326,564 to 114,332,657 in a 10-for-1 reverse stock split, resulting in an increase in the nominal value of each Ordinary Share from €0.30 to €3.00. The board of directors further resolved to create a special reserve of €308,698,173.90 through the reduction of the Bank's share capital by reversing the increase in the nominal value of the Ordinary Shares from €3.00 to €0.30 without changing the post-reverse split number of Ordinary Shares of 114,332,657.

Rights of ordinary shareholders

General rights

The Bank has issued ordinary registered and preference shares. No special rights exist in favour of specific shareholders, with the exception of the special rights attached to the Special Preference Shares. See "—Special Preference Shares of Law 3723/2008".

The acquisition of the Bank's shares constitutes acceptance of the provisions of its Articles of Association and of the lawful resolutions of its competent bodies.

Each share incorporates rights in proportion to the percentage of the share capital which this share represents. The shareholder's liability is limited to the nominal value of the shares they hold. Where a share is jointly owned by more than one person, the rights of the joint owners are exercised only by their common representative. The joint owners may be held liable jointly and severally for the fulfilment of the obligations emanating from the common share.

Notwithstanding the provisions concerning the Special Preference Shares issued by the Bank (see "—Special Preference Shares of Law 3723/2008"), each ordinary share of the Bank incorporates all the rights and obligations determined by Law 2190/1920 and our Articles of Associations and in particular:

- the right to participate and vote in general meetings of our shareholders;
- the right to receive dividend from the Bank's profits. Following the deduction of the statutory reserve, a percentage equal to 35% of the annual distributable net profits is distributed from the profits of each year to the shareholders as first dividend; the distribution of additional dividend is decided by our shareholders. For as long as the Hellenic Republic holds Special Preference Shares under law 3723/2008, the distribution of dividend may not exceed the amount of the first dividend as described above. Entitled to receive dividends are the persons registered with the records of the Dematerialised Securities System (DSS) on the record date. The right to receive dividends may no longer be exercised after the lapse of five years from the end of the year during which our shareholders approved the distribution of the dividend; in this case the Greek State is entitled to receive the relevant amounts;
- the right to receive out of the liquidation proceeds or capital returns, the amount corresponding to the shares owned, under the condition that the relevant decision has been made by our shareholders. The shareholders maintain all their rights during the liquidation period;
- pre-emptive rights in every increase of the share capital in cash through the issuance of new shares and pre-emptive rights in every issuance of convertible securities, as long as the general meeting of shareholders approving the increase has not decided otherwise;
- the right to receive copies of the financial statements and the reports of the auditors and the Board of Directors of the Bank; and
- for the rights of minority shareholders, see below under "—Rights of Minority Shareholders".

Rights of Minority Shareholders

Our Articles of Association and Greek law provide that upon request by shareholders representing 5% of our paid-up Share Capital:

(i) our Board of Directors is obliged to convene an extraordinary general meeting of shareholders within 45 days of service of the request;

(ii) the chairman of the general meeting is obliged to allow one postponement of the adoption of resolutions by the general meeting provided an adjourned meeting is convened within 30 days to reconsider the resolutions;

(iii) the resolution of any matter included on the agenda for the general meeting must be adopted by a roll call;

(iv) our Board of Directors must disclose to the annual general meeting any amounts or any other benefits granted that were distributed to the directors, our senior management or to our employees during the course of the last two years and any agreements concluded between us and such persons;

(v) the Board of Directors must provide draft resolutions for the items on the agenda;

(vi) the Board of Directors is obliged to add subjects to the agenda of a general meeting already convened;

(vii) a competent court will review the operations of the Company if it is believed that actions taken by the Board of Directors violated applicable law, our Articles of Association or resolutions of the general meeting; and

(viii) a petition for the annulment of a resolution of the general meeting is filed, on the grounds that the resolution was made without the required information to have been made available to the shareholders, despite a relevant request.

Shareholders representing one-fifth of our paid-up share capital (i) have the right to request a competent court to review our operations, when it is believed that we are not properly managed; (ii) have the right to request that our Board of Directors provide them at the next annual general meeting with information on the conduct of our business and the financial condition of the Bank; and (iii) have the right to object to a decision of the Board of Directors, whereby the Bank waives or settles it claims against them. The Board of Directors is obliged to provide such information to the requesting shareholders or to their representative, although it can refuse such a request on reasonable grounds, which must be recorded in the minutes in accordance with the law and our Articles of Association.

Shareholders representing one-tenth of our paid-up share capital are entitled to request that all our claims against any director relating to the management of our affairs are exercised through a company action.

Shareholders representing 2% of the paid-up share capital in case they did not attend the general meeting or attended and objected may request the annulment of a general meeting decision, which violated the law or the articles of association or was taken by a general meeting not properly convened or constituted or was taken by abuse of the rights of the majority shareholders.

Shareholders representing one-third of the paid-up share capital may ask from the competent court the dissolution of the Company provided a significant reason exists therefor which renders its continuation impossible in an obvious and permanent way.

Any shareholder may request by the Board of Directors to provide to the general meeting certain information concerning the affairs of the Bank, to the extent they are useful for the evaluation of the items on the agenda.

Special Preference Shares of Law 3723/2008

The Special Preference Shares were issued in the context of the participation of our Bank to the provisions of Law 3723/2008 (''Enhancement of liquidity to the economy in order to deal with the consequences of the international financial crisis'') and are all held by the Hellenic Republic.

In particular, following the resolutions of the Extraordinary Shareholders' Meetings dated 23 January 2009 and 23 December 2011 on the increase of the share capital of the Bank, on 22 May 2009 and on 30 December 2011 77,568,134 and 1,266,666,666 Special Preference Shares without voting rights of nominal value €4.77 and €0.30 each and by the amount of €369,999,999.18 and €379,999,999.8 were issued respectively and were covered in full by the Hellenic Republic with the contribution of Greek government bonds of equal value. Pursuant to the legislative and supervisory framework as in force this capital belongs to our Upper Tier I capital.

The Special Preference Shares are non-transferable by the Hellenic Republic and may not be admitted to trading on any regulated market. Pursuant to Law 3723/2008 and article 27 of our Articles of Association, the Special Preference Shares confer upon the Hellenic Republic the following privileges:

- the right to collect a fixed non-cumulative return calculated at a rate of 10% of the sale price of each of the Special Preference Shares held by the Hellenic Republic; the collection of such return occurs prior to the payment of the dividend distributed in accordance with Article 1, paragraph 3, of Law 3723/2008, and prior to the distribution of dividends of the ordinary registered shares and independently of the distribution of dividend amounts to other shareholders of the Bank, provided that following the distribution thereof, the capital adequacy ratios of the Bank on an individual and consolidated basis comply with the minimum indices set

by the Bank of Greece from time to time. The return accrues on an annual basis for so long as the Hellenic Republic is a preferred shareholder, and is payable within one month following approval of the annual financial statements for the relevant fiscal year by the general meeting of the shareholders. The return is subject to the existence of distributable amounts as in Article 44a of Law 2190/1920 and in particular the existence of profits during the last or previous financial years and/or reserves, under the condition that the general meeting of the common shareholders has decided to distribute such profits or reserves and so long as no supervisory measure has been taken, according to Article 62 of Law 3601/2007. In case of insufficiency of such distributable amounts the Hellenic Republic has the right to be preferentially satisfied until depletion of the amounts. According to recent amendments to Law 3723/2008 by law 4093/2012, the payment of returns to the Hellenic Republic as shareholder of the Special Preference Shares is mandatory, where the conditions of article 44a of Law 2190/2190 are met, except where such payment would lead to a reduction of Core Tier I;

- the right to vote in the general assembly of preferential shareholders in the circumstances provided by Law 2190/1920;
- the right to attend the meetings of the Board of Directors of the Bank with the appointment of one representative;
- the right of the representative appointed by the Hellenic Republic to veto resolutions of strategic character or resolutions which materially alter the legal or financial situation of the Bank and for the approval of which a decision of the general meeting of the shareholders is required or resolutions related to the distribution of dividends and the remuneration policy toward the Chairman, the Managing Directors and the remaining members of the Board of Directors, as well as the General Directors and their deputies, pursuant to the relevant resolution of the Minister of Finance or in the event the representative judges that the resolution in question may jeopardise the interests of the Bank's depositors or materially affect the creditworthiness and the efficient operation of the Bank;
- the right to attend the general assembly of the ordinary shareholders of the Bank and the veto right of the representative appointed by the Hellenic Republic with regard to the discussion and resolution of the aforementioned issues;
- the right of the representative appointed by the Hellenic Republic to freely access the Bank's books and records for the purposes of Law 3723/2008; and
- the right to preferential reimbursement, in priority to all other shareholders, from the proceeds of the liquidation of the Bank's assets, in the event the Bank's assets are liquidated.

The aforementioned privileges affect neither the rights of the holders of Tier I hybrid instruments nor those of any other classes of shares that count towards the Bank's capital adequacy ratios, with the exception of our Ordinary Shares.

The Special Preference Shares are subject to redemption by the Bank after the lapse of five years or even earlier, by approval of the Bank of Greece at their original price either in cash or through bonds of the Hellenic Republic of a nominal value at least equal to the nominal value of the bonds issued for the subscription of the Special Preference Shares by the Hellenic Republic. In case such redemption is not possible, because it will render the Bank's capital adequacy ratio out of compliance with the minimum requirements set by the Bank of Greece, the Special Preference Shares will be converted to Ordinary Shares or shares of any other category existing at the time of the conversion following a decision of the Minister of Finance further to a recommendation of the Governor of the Bank of Greece and on condition that at the expiry of the five-year period, the Bank will have submitted, and the Minister of Finance will have approved, further to a recommendation by the Governor of the Bank of Greece, a restructuring plan of the Bank pursuant to the legislation as in force. The conversion ratio will be determined by virtue of the above decision of the Minister of Finance and will take into account the average market price of the Bank's ordinary shares during the calendar year preceding such conversion.

In the event that the Bank meets the capital adequacy requirements but does not redeem the Special Preference Shares after the expiry of the five-year period, a cumulative increase amounting to 2% per annum will be imposed gradually to the 10% yearly return of the Hellenic Republic as

described above. This increase is imposed with a decision of the Minister of Finance, further to a recommendation by the Governor of the Bank of Greece.

HFSF Voting Rights (in accordance with Article 7a of Law 3864/2010)

Where the participation of the private sector in the Recapitalisation Plan equals at least €575.5 million, the HFSF shall only have a right to vote at the shareholders' General Assembly on the following matters: the amendment of the articles of association (including share capital increase or decrease and the relevant authorisations to the Board of Directors), a merger, split, transformation, revival, extension of the duration or dissolution of the company, transfer of assets (including sale of subsidiaries), or any other issue requiring a qualified majority under the provisions of law 2190/1920 "on *sociétés anonymes*". For the purposes of calculating quorum and majority at the General Assembly, the shares of this article shall not be taken into consideration for any other issue except for those mentioned in the previous indents of this paragraph.

The HFSF fully exercises its voting rights, without the above limitations, in the following cases:

(a) private sector investors do not participate in the aforementioned share capital increase as described above;

(b) if all the Contingent Convertible Securities are converted into shares and the Bank does not successfully complete a share capital increase (including any above par amounts), within a period of six (6) months from the conversion date, for an amount equal to 10% of the sum of the total nominal value of the capitalised convertible bonds and the total value (nominal and above par value) of the share capital increase; and

(c) if it is concluded, following a decision of the members of the General Council of the HFSF, that the Bank is in breach of material obligations included in, or facilitating the implementation of the restructuring plan.

The HFSF has the following powers:

- appoint up to two members to the board of directors of the Bank, as representatives of the HFSF;
- veto key corporate decisions of the Bank both at the board and shareholder assembly level (e.g., business strategy, dividend distributions, salary caps relating to the chairman, managing directors and the other Board members, general managers and deputies, liquidity and asset liability management as well as any other matter which may set at risk the rights of depositors or have a material adverse effect on the liquidity, solvency and/or, in general, on the prudent and orderly operation of the Bank, including business strategy and asset/liability management);
- request an adjournment of a Board meeting for three business days in order to receive instructions from the HFSF Executive Committee, following consultation with the Bank of Greece;
- call a Board meeting;
- approve the appointment of the chief financial officer;
- include items on the agenda of the Board and certain bank committees' meetings in which such representatives participate;
- call a general shareholders' meeting of the Bank in accordance with Greek company law;
- to have free access to all books and records of the Bank; and
- conduct diagnostic studies and special audits with the help of outside consultants, on-site inspections and off-site reviews to assess the solvency of the Bank where the HFSF considers this necessary.

Furthermore, by virtue of the presubscription agreement entered into among each credit institution, the HFSF and the EFSF, the HFSF representative appointed to the Board of Directors of each credit institution will have the following additional powers:

- to participate in the meetings of the Audit Committee, the Risk Committee, the Remuneration Committee and the Nomination Committee as well as to the committee which shall be

responsible for the monitoring of the implementation of the restructuring plan which will be approved by the HFSF and the European Commission;

- to include items on the agenda of the meetings of the Bank's Board of Directors and of the committees in which the HFSF's representative participates; and
- to be informed monthly by the Executive Committee of the Bank about all transactions that have a material impact and have not been discussed by the Bank's Board of Directors and the committees in which the HFSF's representative participates and to receive the agenda and the minutes of the Executive Committee regarding decisions on transactions having a material impact.

Furthermore, by virtue of the Presubscription Agreement, the Bank's statutory auditors have to be agreed to by the HFSF.

In exercising his or her rights, the representative of the HFSF shall take into account the business autonomy of the credit institution.

These additional rights will remain in effect until the completion of the Ordinary Share Capital Increase.

In accordance with the provisions of Greek Law 3864/2010, our relationship with the HFSF following the completion of the Ordinary Share Capital Increase will be governed by a relationship framework agreement, as provided in the Memorandum of Economic and Financial Policies, which is expected to come into force in the near term. The relationship framework agreement may contain terms and commitments in addition to those we are already subject to. We intend to inform investors upon execution of the relationship framework agreement in accordance with Law 3340/2005.

The representative has free access to the books of the Bank for the purposes of law 3864/2010, together with counsels of his choice.

In the event that the Bank is placed under liquidation, the HFSF as shareholder is satisfied in priority with the Hellenic Republic holding Special Preference Shares under law 3723/2008 before all other shareholders.

Warrants

According to law 3864/2010 and Cabinet Act No. 38, both as in force, capital enhancement is provided to credit institutions through participation of the HFSF in the share capital increase of such institutions through the issuance of ordinary shares or contingent convertible securities or other convertible financial instruments.

The conversion terms in respect of the convertible securities or financial instruments, the subscription price of the shares, the terms and conditions of capital enhancement and any other detail required for the implementation of the said capital enhancement are determined pursuant to the Cabinet Act No. 38.

The aforementioned share capital increase shall be subscribed for in whole either in cash or EFSF notes or other financial instruments of the HFSF.

The time and the process for the issuance of the Warrants, the time and process for the exercise of the rights incorporated therein, the calculation method for the value of the shares, the number of shares to which the holder of an Warrant shall be entitled, the transferability conditions of the Warrants and any other detail pertaining to the implementation of the above law provisions are determined pursuant to Cabinet Act No. 38.

The capital enhancement provided by the provisions of Article 7 of law 3864/2010, as in force, through the participation of the HFSF to the share capital increase of credit institutions with the issuance of ordinary shares or contingent convertible securities or the waiver of limitations as to the exercise by the HFSF of voting rights under Article 7a of law 3864/2010, is exempt from any obligation to launch a public offer in accordance with the provisions of law 3461/2006. In addition, for as long as the HFSF is restricted in exercising its voting rights pursuant to Article 7a of law 3864/2010, as in force, the shares held by the HFSF may not be subject to a public offer but they are taken into account for the purposes of calculating the thresholds set out in Article 7 paragraph 1 of Law 3461/2006, as in force. In case the HFSF is no longer restricted in exercising its voting rights, it is exempted from the

provisions of Greek takeover law (Law 3461/2006, as in force) relating to the requirements to launch a tender offer bid.

Furthermore, the HFSF is exempt from payment of the Hellenic Competition Committee duty provided under article 17 paragraph 1 of Law 3959/2011.

See "The Offering—Warrants".

Contingent Convertible Securities

At the second Iterative Extraordinary General Meeting of the Bank's shareholders on 31 January 2013, the Bank's shareholders passed a resolution permitting the issuance of Contingent Convertible Securities in an aggregate amount of up to €2 billion and the waiver of pre-emptive rights of existing shareholders, in accordance with the provisions of Law 3864/2010, as in force, and the provisions of the Cabinet Act No. 38. The HFSF shall subscribe for the Contingent Convertible Securities in accordance with the provisions and the terms provided for under Article 2 of Cabinet Act No. 38. The Board of Directors was authorised to decide upon the final terms of the Contingent Convertible Securities as well as to take all necessary actions to proceed with the issuance of said securities, if required.

The aggregate amount of the Contingent Convertible Securities that we may issue is the difference between the Initial Capital Assessment and the Adjusted Ordinary Share Capital Increase. As applied to us, if the amount raised by private investors is less than €733.5 million but greater than €575.5 million, then the amount of the total capital increase to be raised through the issuance of Ordinary Shares will be reduced so that the total funds raised by the private sector still make up 10% of the total share capital increase amount. The difference between the reduced total share capital increase amount and the Initial Capital Assessment will be funded through the issuance of up to €2 billion in Contingent Convertible Securities, which will be subscribed for entirely by the HFSF.

The Contingent Convertible Securities constitute direct, unsecured and subordinated obligations of the Bank and they rank:

- Junior in right of payment to the creditors of the Bank, who are:
  - (i) depositors or other unsubordinated creditors of the Bank; and
  - (ii) subordinated creditors of the Bank, including holders of securities qualifying as Tier I capital, excluding EBA Core Tier I;
- Pari passu: (i) among themselves without any preference, (ii) with creditors whose claims are agreed to rank pari passu with the claims arising from the Contingent Convertible Securities, and (iii) with holders of other financial instruments qualifying as EBA Core Tier I, other than those referred to below;
- Senior in right of payment to the ordinary shareholders of the Bank and other financial instruments which rank pari passu with the common shares of the Bank.

Five years after the issue date of the Contingent Convertible Securities, the unpaid principal of such Contingent Convertible Securities will be mandatorily converted into ordinary shares of the Bank. The conversion price of the Contingent Convertible Securities will be equal to 50% of the price of the common shares issued in the context of the Bank's share capital increase. If the share capital increase through the issuance of ordinary shares pursuant to the provisions of Greek Law 3864/2010 does not take place, the conversion price of the bonds will be equal to 25% of the average trading price of the share during the 50 trading days preceding the issue date of the bonds.

These bonds will return contractual interest calculated at an annual rate of 7%, increased by 50 basis points per annum. The interest will be paid in cash annually. Exceptionally, it will be payable in kind through the issuance of new common shares with a price equal to the average trading price of the share during the 50 trading days prior to the date that the interest was payable, if:

(a) any in cash payment will result in the Bank not complying with the minimum capital requirements and in particular with the EBA Core Tier I ratio; or

(b) there are no distributable amounts, in case such payment would risk in the opinion of the Bank of Greece the Bank's compliance with the minimum capital requirements and in particular with the EBA Core Tier I ratio.

For the purposes of this calculation, distributable amounts are considered the Bank's net profits for the fiscal year prior to the date for the payment of the interest on a consolidated basis.

The Bank may decide not to pay interest on the Contingent Convertible Securities. In such case, the interest shall not be due and no termination event of the bond loan will apply, but all Contingent Convertible Securities shall be mandatorily converted (both principal and interest) into ordinary shares of the Bank, at a conversion price equal to 65% of the average trading price of the share during the 50 trading days preceding the date on which the interest shall be due and payable. Prior to deciding not to pay any interest, the Bank must reduce its share capital and/or the number of the existing ordinary shares to the extent necessary for the conversion of the Contingent Convertible Securities in the above-mentioned price.

If a viability event or an exceptional event takes place with respect to the Bank, all Contingent Convertible Securities shall be mandatorily converted into ordinary shares of the Bank at the conversion price described above. A viability event will occur in case a decision is taken with respect to the provision of capital support to the Bank by the public sector or the provision of other relevant support, without which the Bank is not viable according to the Bank of Greece. The share capital increase and the issue of Contingent Convertible Securities pursuant to Article 7 of Greek Law 3864/2010 shall not be considered as viability events. An exceptional event will occur in case the Core Tier I ratio, provided for by EBA/REC/2011/1 recommendation of the European Banking Authority, becomes lower than 7%.

If by virtue of new legislative or regulatory provisions, the Contingent Convertible Securities cease to qualify as EBA Core Tier I capital, the Bank may, with the prior consent of the Bank of Greece:

(a) redeem all or, where indicated by the Bank of Greece, part of the Contingent Convertible Securities plus accrued interest; or

(b) agree with the HFSF, at least 15 days prior to entering into force of the above mentioned legislative or regulatory changes, any amendments to the terms of the Contingent Convertible Securities as are necessary to make them qualify as Core Tier I capital. In case such an agreement is not reached between the HFSF and the Bank, all outstanding Contingent Convertible Securities not already redeemed or bought back from the Bank shall be mandatorily converted into ordinary shares of the Bank at the conversion price described above.

The HFSF shall immediately convert all Contingent Convertible Securities it holds into ordinary shares of the Bank in cases where, although the Bank proceeds with a share capital increase pursuant to the provisions of Greek Law 3864/2010, the minimum required private sector involvement in the share capital increase, currently 10%, is not achieved.

For so long as there are Contingent Convertible Securities outstanding, the Bank will not pay any dividends to the ordinary shareholders and any sum that is normally available for distribution to the ordinary shareholders, shall be disposed pro rata for the payment of the interests of the Contingent Convertible Securities, the interests or the dividends to creditors of the same rank and the buy-back of Contingent Convertible Securities and securities held by creditors of the same rank as the bonds.

The obligations of the Bank referred to above will cover any distribution to the ordinary shareholders, including especially any dividend or asset distribution, buy-back of shares and return of share capital.

The Bank may at its discretion buy back at any time, all or part, of the Contingent Convertible Securities at their nominal value plus any accrued and nonpaid interest following a prior written approval by the Bank of Greece, which is provided under the following circumstances:

(a) the Contingent Convertible Securities have been replaced or are about to be replaced by regulatory capital of equal or better quality;

(b) the Bank has provided to the Bank of Greece evidence deemed satisfactory by the Bank of Greece that following the said buy-back, the Bank's own funds shall exceed the EBA Core Tier I ratio and any other own fund requirements set from time to time, taking into account any specific decisions of the Bank of Greece in connection with the capital requirements of the Bank.

Following the enactment of the new European framework for the preventive supervision of the Bank and investment services companies, the bonds shall be included as Common Equity Tier I, at levels prescribed by the Bank of Greece. An exceptional event will occur if the Common Equity Tier I becomes lower than 5.125%.

The capital support, through the participation of the HFSF in the increase of the share capital of the Bank or the conversion of the Contingent Convertible Securities or the removal of limitations on the HFSF in exercising its voting rights from the shares it will own, shall be exempt from the requirement of submission of tender offer under the provisions of Greek Law 3461/2006. For the period that the HFSF holds ordinary shares with restricted voting rights, such shares cannot be the subject of a tender offer but they are taken into account in the calculation of the triggering thresholds for launching a tender offer.

If the participation of the private sector investors in the share capital increase of the Bank is at least equal to 10% of the amount of the capital increase the HFSF shall have the right to exercise its voting rights in the general meeting of the Bank only for decisions regarding amendments to its articles of association, including capital increase or reduction or providing authorisation to the board of directors to that effect, merger, division, conversion, revival, extension of duration or dissolution of the Bank, assets' transfer including the sale of subsidiaries, or any other matter that requires an increased majority as provided in Greek Company Law 2190/1920. For calculating the quorum and majority of the general meeting, the HFSF shares are not taken into account for resolving on issues other than the above-mentioned.

The HFSF fully exercises its voting rights, without the above limitations, in the following cases:

(a) private sector investors do not participate in the aforementioned share capital increase as described above;

(b) if all the Contingent Convertible Securities are converted into shares and the Bank does not successfully complete a share capital increase (including any above par amounts), within a period of six (6) months from the conversion date, for an amount equal to 10% of the sum of the total nominal value of the capitalised convertible bonds and the total value (nominal and above par value) of the share capital increase; and

(c) if it is concluded, following a decision of the members of the General Council of the HFSF, that the Bank is in breach of material obligations included in, or facilitating the implementation of the restructuring plan.

For as long as the HFSF holds shares with restricted voting rights, it submits the notifications that are required under the rules for publicly disclosing significant changes in the participation of listed companies, and within the same framework, it discloses any change in the number of shares and voting rights in the Bank, to which it has provided capital support at the end of the calendar month, during which it acquired or disposed shares. Our shareholders are also required to disclose any changes in the voting rights they own compared to the total number of shares and voting rights, except for the HFSF ones, as they have been disclosed based on the above.

DESCRIPTION OF ARTICLES OF ASSOCIATION

The Bank was incorporated in Greece on 6 July 1916 pursuant to the laws of the Hellenic Republic and is presently operating as a credit institution under Law 2190/1920 and Law 3601/2007, in each case as amended.

The Bank's scope of business pursuant to article 2 of the Bank's Articles of Association is the following:

1. all banking activities recognised or to be recognised by law, including but not limited to:
   a. acceptance of deposits or other repayable funds;
   b. granting of loans or other credits including factoring;
   c. leasing;
   d. payments, including money transfer services;
   e. issuing and administering payment instruments (credit and debit cards, traveller's and banker's cheques);
   f. guarantees and commitments;
   g. trading for its own account or for account of customers in (i) money market instruments (securities, certificates of deposit, etc.), (ii) foreign exchange, (iii) financial futures or options, (iv) exchange and interest-rate instruments and (v) transferable securities;
   h. participation in securities issues and provision of services related to such issues, including securities underwriting;
   i. advisory to undertakings on capital structure, business strategy and related matters as well as services relating to mergers and acquisition of undertakings;
   j. intermediation in inter-bank markets;
   k. portfolio management and advice;
   l. custody and administration of securities;
   m. gathering and processing commercial information, including credit rating services;
   n. safe deposit services;
   o. issuing of e-money; and
   p. all other activities related to the provision of primary and secondary investment services including but not limited to the services set out in article 4 of Law 3606/2007 (Government Gazette Issue 73).
2. Representation of individuals or legal entities having the same or relevant objects.
3. Establishment of or participation in undertakings of any form whatsoever in Greece or abroad, including but not limited to banks and other undertakings in the financial sector, venture capital brokerage undertakings, insurance companies, portfolio investment companies, holding companies, mutual fund management companies, real estate investment companies, payment systems, credit rating and multilateral trading facilities, stock exchange, business administration consultants, computerised applications and information technology companies, undertakings for the production of electric power using renewable energy sources, etc.
4. Alignment of our business objectives with social progress and solidarity, enhanced and constant economic growth, adoption of workplace best-practices, responsible exploitation of natural resources and promotion of science and culture. To this end, we may undertake pro bono actions or projects through its corporate social responsibility programme.
5. Banking support of business activities which combine financial, social and environmental benefit, aligned with the principles of sustainable development and responsible environmental behaviour.

Form and Transfer of Shares

The New Shares to be issued pursuant to the Rights Offering will be fully dematerialised upon their admission to trading on the ATHEX. Transfers of ownership of dematerialised shares are effected through the ATHEX and HELEX by registration of the transaction in HELEX's records.

HELEX issues certificates to shareholders containing provisions regarding the capacity of the shareholders, the share identification data, the number of Ordinary Shares owned, the reason for the certificate's issue as well as any possible encumbrances over the Ordinary Shares. These certificates are issued by HELEX following a shareholder's request addressed to HELEX, either directly or through an account operator. Certificates may also be issued directly by an account operator through the DSS, following a shareholder's request to the account operator, provided that the Ordinary Shares for which the certificates are requested are held through an account managed by the account operator. The person whose name appears in HELEX's records will be considered to be the shareholder of a dematerialised share.

Voting Rights and Restrictions

Each Ordinary Share gives the holder the right to cast one vote at a general assembly of shareholders. No shareholders possess different voting rights per Ordinary Share from other shareholders with the exception of the restricted exercise of the voting rights of HFSF and BCP in respect of the New Shares following the Offering.

Dividends

We may only pay dividends out of the distributable net profits for the preceding financial year and any distributable reserves and profits carried forward minus any losses carried forward from previous years after the annual financial statements are approved by the general assembly of shareholders. Under Greek law and our Articles of Association, until such time as statutory reserves are equal to or exceed half of our issued share capital, the first 5% of our annual net profit before tax is required to be set aside as statutory reserves before any dividends are paid.

According to our Articles of Association and Greek law, following the deduction of the statutory reserve, we are required to pay a minimum dividend equal to at least 35% of the annual distributable net profits after the statutory reserves and the profits from the sale of shares which have been held for over a decade and represent holding by our Company exceeding 20% of the paid-up share capital of a subsidiary.

According to Law 148/1967, as amended, however, a company's general assembly of shareholders, acting with the majority of at least 65% of the paid-up share capital, may decide to transfer any undistributed dividends of up to 35% of the net profits for that year to a special reserve account. This reserve account must be capitalised within four years from its formation by the issue of new ordinary shares, which are distributed to the shareholders as a share dividend. By a resolution of the general assembly of shareholders, passed by a majority representing at least 70% of the paid-up share capital the two aforementioned provisions may be set aside. Under Greek law, the general assembly of shareholders can decide to distribute in any manner any net profits remaining after allocation to the ordinary reserve and distribution of the minimum dividend. *Inter alia*, the general assembly of shareholders can decide to distribute any net profits remaining after allocation to the statutory reserve and distribution of the minimum dividend through the issue of new ordinary shares, which are distributed to the shareholders as share dividends. This decision requires an increased quorum and increased majority, each as described below.

Within six months following the end of our financial year, an annual general assembly of our shareholders is convened to approve our financial statements and the distribution of a dividend to shareholders with respect to the previous financial year. The annual general assembly is duly convened when a quorum representing at least one-fifth of our paid-up share capital is present. Resolutions of the annual general assembly are taken by an absolute majority of voting shareholders in attendance.

The amount approved for distribution as a dividend is required to be paid to shareholders within two months from the resolution of the general assembly of shareholders approving our annual financial statements. Dividends not claimed by shareholders within five years of their distribution are forfeited in favour of the Hellenic Republic.

Under Greek law, we may also distribute an interim dividend with the approval of the Board of Directors if, at least 20 days before such distribution, our interim financial statements are submitted to the Greek Ministry of Development, Competitiveness, Infrastructure, Transportation and Networks and published in the Government Gazette and in a Greek financial newspaper. Such dividends cannot exceed one-half of the net profits set out in the interim financial statements. The Board of Directors has the authority to declare and pay such dividends without obtaining the approval of shareholders in a general meeting of shareholders.

Due to our participation in the Hellenic Republic Bank Support Plan, or, if we are required to issue Contingent Convertible Securities to HFSF, for so long as such securities are outstanding, we may be prohibited from paying cash dividends to our ordinary shareholders. See Section "Dividends and Dividend Policy—Current Restrictions on Dividends".

General Meeting of Shareholders

Pursuant to our Articles of Association and Greek law, the general meeting of shareholders (which is the supreme corporate body of a Greek *société anonyme*) is entitled to decide on any and all of our affairs. Its resolutions are binding on our Board of Directors and executive officers as well as all shareholders, including those absent from the general meeting and those dissenting.

The general meeting is the only body competent to decide, among other matters, (i) the extension of our duration, merger, revival, de-merger or dissolution, (ii) amendments to our Articles of Association (subject to certain exceptions provided in the law), (iii) increases or reductions of our share capital (except for increases authorised by the Board of Directors, as described below) or the issuance of securities that are contingent on our profits/operations or convertible securities, (iv) election of the members of our Board of Directors, (v) the appointment of liquidators, (vi) the distribution of annual profits and (vii) the approval of the annual financial statements, our reorganisation into a different corporate form and the release of the Board of Directors and auditors from liability upon approval of the financial statements.

The annual general meeting is convened by the Board of Directors and is held regularly within six months of the end of each financial year. The Board of Directors also may convene an extraordinary general meeting when and as it deems necessary. According to our Articles of Association and Greek company law, chartered auditors and/or shareholders representing ⅟₂₀ of the paid-up share capital are also entitled to request the chairman to convene an extraordinary general meeting within ten days of the notification of such request.

As at September 2010, a series of amendments in Greek company law were put in effect so as to implement Directive 2007/36 EC and facilitate convocation of shareholders' general meetings and exercise of voting rights by shareholders of listed companies. The invitation may be in summary form and refer to relevant website containing necessary information and may set the dates for each adjourned meeting with at least ten days lapsing between each date. As for participation and voting, the former requirement to block the shares five days prior to the date of the general meeting is replaced by the record date system and remote or electronic voting is introduced as well as the possibility to appoint same proxy for numerous meetings within a specific time frame. Voting rights are exercised upon submission of a (written or electronic) certification by the shares' registry that the relevant person was a shareholder at the record date (i.e., a date, specified in the meeting's invitation and falling five days prior to the date of the general meeting, when all shareholders entitled to participate in the meeting should be recorded in the shares' registry).

A simple quorum for our general meeting is met whenever shareholders holding at least 20% of the paid-up share capital are present or represented at the meeting. If a simple quorum is not achieved, the general meeting convenes again within 20 days from the date of the previous meeting. At such adjourned meeting, the general meeting is in quorum and decides lawfully on all items of the initial agenda irrespective of the number of shareholders present.

Certain extraordinary resolutions by the general meeting require an increased quorum of two-thirds of the paid-up share capital to be present either in person or by proxy. These extraordinary resolutions include, *inter alia*: (i) a change in our objects; (ii) an increase in the obligations of shareholders; (iii) an increase in our share capital if such increase is not made pursuant to a decision of the Board of Directors in accordance with our Articles of Association, or imposed by law, or made after a capitalisation of reserves; (iv) a reduction of our share capital; (v) our merger, de-merger,

conversion, extension of duration or dissolution; (vi) the issuance of a convertible securities; (vii) the granting or renewal of the power of the Board of Directors to increase our share capital or to issue convertible securities; (viii) the alteration of our way of disposing of profits; and (ix) change of our nationality.

In the event that an increased quorum is not achieved, the general meeting is adjourned and the required quorum at the adjourned general meeting is met when shareholders representing at least 50% of the paid-up share capital are present. Furthermore, where this 50% threshold is not met, the general meeting is adjourned for the second time. The adjourned general meeting will be a quorum when shareholders representing at least one-fifth of the paid-up share capital are present or represented by proxy.

In general, resolutions at the general meeting are passed by a majority of the votes present or represented by proxy. However, when an increased quorum is required, resolutions at a general meeting are passed by a majority of two-thirds of the votes present or represented by proxy. The same rule applies in case of any adjourned general meeting requiring an increased quorum.

Ten days before the general meeting the financial statements and the relevant statements of the Board of Directors and the auditors are made available to the shareholders.

Issue of Ordinary Shares and Pre-emptive Rights

Our share capital may be increased pursuant to a decision adopted by a general meeting of shareholders. This decision of a general meeting requires an increased quorum and majority.

Increases in our share capital decided by the general meeting must be effected by amending our Articles of Association. All share capital increases which are not effected through contributions in kind as well as conversions of convertible securities shall be offered on a pre-emptive basis to the existing shareholders according to their shareholding participation in us, unless the pre-emptive rights of the shareholders have been limited or repealed by a decision of a general meeting taken by an increased quorum and increased majority. If and to the extent the existing shareholders do not exercise their pre-emptive rights within the prescribed period (which must be at least 15 days), the Board of Directors can freely dispose of the unsubscribed shares (or convertible securities, as the case may be). Pre-emptive rights may be limited or eliminated by resolution adopted by our general meeting, under the terms set out in Greek corporate law.

In addition, our Board of Directors may decide to increase our share capital provided it has received within the last five years a special authorisation for our general meeting. In such a case the existing shareholders must receive pre-emptive rights in the share capital increase. Following the completion of the share capital increase, the next general meeting must amend our Articles of Association to reflect the increased share capital.

Rights of Minority Shareholders

Our Articles of Association and Greek law provide that upon request by shareholders representing 5% of our paid-up Share Capital, (i) our Board of Directors is obliged to convene an extraordinary general meeting of shareholders within 45 days of service of the request; (ii) the chairman of the general meeting is obliged to allow one postponement of the adoption of resolutions by the general meeting provided an adjourned meeting is convened within 30 days to reconsider the resolutions; (iii) the resolution of any matter included on the agenda for the general meeting must be adopted by a roll call; (iv) our Board of Directors must disclose to the annual general meeting any amounts or any other benefits granted that were distributed to the directors, our senior management or to our employees during the course of the last two years and any agreements concluded between us and such persons; (v) the Board of Directors must provide draft resolutions for the items on the agenda; in cases (iv) and (v) the Board of Directors can refuse such a request based on reasonable grounds, which must be recorded in the minutes in accordance with our Articles of Association and Greek law; (vi) the Board of Directors is obliged to add subjects to the agenda of a general meeting already convened; (vii) a competent court will review the operations of the Company if it is believed that actions taken by the Board of Directors violated applicable law, our Articles of Association or resolutions of the general meeting of shareholders; and (viii) a petition for the annulment of a resolution of the general meeting is filed, on the grounds that the resolution was made without the required information to have been made available to the shareholders, despite a relevant request.

Shareholders representing one-fifth of our paid-up share capital (i) have the right to request a competent court to review our operations, when it is believed that we are not properly managed; and (ii) have the right to request that our Board of Directors provide them with information on the conduct of our business. The Board of Directors is obliged to provide such information to the requesting shareholders or to their representative, although it can refuse such a request on reasonable grounds, which must be recorded in the minutes in accordance with the law and our Articles of Association. Shareholders representing one-tenth of our paid-up share capital are entitled to request that all our claims against any director relating to the management of our affairs, are exercised through a company action.

Shareholders representing 2% of the paid-up share capital may ask by legal suit the annulment of a decision of the general meeting of shareholders, which was made in a way violating the minority rights to information of shareholders as set above or by abuse of the rights of the majority shareholders.

Shareholders representing one-third of the paid-up share capital may ask from the competent court the dissolution of the Company, provided a significant reason exists therefore which renders its continuation impossible.

The 2010 reforms also amended certain minority rights of shareholders representing ⅟₂₀ of paid-up share capital. Said reforms included primarily legal deadlines for the exercise of such rights and acknowledged new minority rights such as the addition of items to the general meeting agenda (pursuant to relevant justified request) and the submission by the Board of Directors of draft general meeting resolutions. The Board of Directors may deny such requests if the latter are evidently contrary to the law or the contractual ethics.

Rights on Liquidation

A liquidation procedure involves our dissolution either (i) after the expiration of our initial duration period, or (ii) following a relevant decision of the general meeting of shareholders taken by an increased quorum and majority. During liquidation, a general meeting has the authority to designate two or three liquidators who have all the rights ordinarily held by the Board of Directors. The Board of Directors ceases to exist upon the appointment of the liquidators.

Upon the passing of the resolution on liquidation, the liquidator(s) shall draw up an inventory of all our assets, complete all of our pending transactions and sell our assets to the extent necessary to discharge our liabilities (excluding all amounts owed to the shareholders). Following the discharge of all our liabilities, the liquidator(s) shall sell our assets, shall repay to the shareholders their initial or further capital contributions and shall distribute to the shareholders any remaining value on a pro rata basis.

During the liquidation procedure, the general meeting of shareholders is entitled to all rights under our Articles of Association and Greek law.

Special Preference Shares of Law 3723/2008

The Special Preference Shares are all held by the Hellenic Republic and were issued pursuant to the resolution of the Extraordinary Shareholders' Meeting dated 23 January 2009 on the increase of the share capital of the Bank by the amount of €369,999,999.18, which was covered in full by the Hellenic Republic with the contribution of Greek government bonds having equal value. See "Description of Share Capital—Special Preference Shares of Law 3723/2008".

Contingent Convertible Securities

At the Second Iterative Extraordinary General Meeting of the Bank's shareholders on 31 January 2013, the Bank's shareholders passed a resolution permitting the issuance of Contingent Convertible Securities in an aggregate amount of up to €2 billion and the waiver of pre-emptive rights of existing shareholders, in accordance with the provisions of Law 3864/2010, as in force, and the provisions of the Cabinet Act No. 38. The HFSF shall subscribe for the Contingent Convertible Securities in accordance with the provisions and the terms provided for under Article 2 of the Cabinet Act No. 38. The Board of Directors was authorised to decide upon the final terms of the specific Contingent Convertible Securities as well as to take all necessary actions to proceed with the issuance of said securities, if required. See "Description of Share Capital—Contingent Convertible Securities".

TAXATION

The following summary describes certain tax consequences of the purchase, ownership and disposition of our Ordinary Shares. This summary does not purport to be a comprehensive description of all the possible tax considerations that may be relevant to your decision to purchase, own or dispose of the New Shares. This summary is based on the laws in force and as applied in practice on the date of this Offering Memorandum and is subject to changes to those laws and practices subsequent to the date of this Offering Memorandum. You should consult your own advisers as to the tax consequences of the acquisition, ownership and disposition of our New Shares in light of your particular circumstances, including, in particular, the effect of any state, regional or local tax laws.

Greek Tax Considerations

Introduction

The following is a summary of certain Greek tax considerations that may be relevant to the acquisition, ownership and disposition of our Ordinary Shares. The summary does not purport to be nor should it be relied upon as a comprehensive description or analysis of all of the tax considerations which may be relevant to a decision to acquire our Shares. The summary is based on tax laws and regulations in effect in Greece on the date hereof, which are subject to change without notice. Prospective purchasers or holders of our Ordinary Shares should consult their own tax advisers as to the Greek or other tax consequences arising from the acquisition, ownership and disposition of Ordinary Shares, having regard to their particular circumstances.

Taxation of Dividends

Under Article 54 of the Greek Income Tax Code, as applied prior to its amendment by virtue of Law 4110/2013, distributable profits paid throughout 2011 to individuals or entities in the form of dividends and pre dividends, irrespective of whether payment is made in cash or through shares, incurs withholding tax at a rate of 21%. Such tax is withheld by the company itself and the relevant tax liability of the beneficiaries is thus exhausted as to the respective dividends. The above-mentioned framework applies to the profits of previous fiscal years to the extent those profits are distributed or capitalised throughout 2011.

Distributable profit paid throughout 2011 to individuals or entities in the form of dividends and pre dividends, pursuant to general assembly resolutions dated from 1 January 2012, irrespective of whether payment is made in cash or through shares, incurs withholding tax at a rate of 25%. Such tax is withheld by the company itself and the relevant tax liability of the beneficiaries is thus discharged as to the respective dividends. The above-mentioned framework applies accordingly to the profits of previous fiscal years to the extent those profits are distributed or capitalised from 1 January 2012 and onwards.

Following its amendment by virtue of Law 4110/2013, Article 54 of the Greek Income Tax Code provides that dividends or profits capitalised or distributed to individuals or entities, whether foreign or Greek, or associations of persons or assets, by Greek companies in the form of *sociétés anonymes*, pursuant to general assembly resolutions dated as from 1 January 2014, incur withholding tax at a rate of 10%. The abovementioned framework applies to the profit capitalised or distributed in the form of pre-dividends to individuals or entities, whether foreign or Greek, or associations of persons or assets, by Greek companies in the form of *sociétés anonymes,* irrespective of whether payment is made in cash or through shares.

Such withholding discharges the tax liability of the respective beneficiaries for the above-mentioned income.

When a Greek *société anonyme* proceeds with the distribution of profit and its revenue includes income from participations in other Greek *sociétés anonymes*, limited liability companies, partnerships or cooperatives or foreign for-profit businesses of any type maintaining double entry accounting books, the tax which has already been withheld from the income deriving from the said participations is deducted from the tax imposed on such Greek company in connection with the distributable profit corresponding to the revenues resulting from the said participations.

In addition, a tax refund is provided in connection with profit distributed pursuant to general assembly resolutions dated as from 1 January 2014 to the extent that tax has been withheld on dividends distributed in the Hellenic Republic.

Dividend income is considered to be generated as from the date of the shareholders' general meeting resolution approving the financial statements.

According to applicable legislation, dividends distributed by a subsidiary to its parent company are paid by the year-end following the year when the subsidiary's distribution was made; consequently the respective income is included in the parent company's profit at such subsequent year end, unless a pre dividend is distributed by the subsidiary. Dividends distributed by the parent company, to the extent resulting from profits distributed to such parent company by its subsidiaries, are paid (if resolved to be distributed) in the year following the year of their receipt by the parent company.

Capital Gains Tax

Shares listed with the ATHEX, acquired on or before 30 June 2013

According to Article 38 paragraphs 3 and 4 of the Greek Income Tax Code (as amended by Article 6 of Law 4110/2013) and Article 9 paragraph 2 of Law 2579/1998 (as amended by Article 10 paragraph 5 of law 4110/2013), the following transaction and capital gains taxes apply:

Transaction tax

A transaction tax of 2‰ (or 0.2%) is applied to the sale of shares listed with the ATHEX. Such tax is calculated on the shares' sale price and is borne by the seller, whether the seller is an individual, legal entity or an association of persons or assets, irrespective of nationality, residence or location of corporate seat and irrespective of whether the seller is subject to any tax or duty exemption pursuant to provisions of other laws. Such tax is applicable both to market and over-the-counter ("OTC") transactions, as well as multilateral trading facility ("MTF") transactions. The HELEX charges such tax, daily upon settlement, on the investment firms and credit institutions acting as custodians settling share sale transactions on behalf of the sellers.

Capital gains tax

Capital gains from the sale of shares listed with the ATHEX and acquired on or before 30 June 2013 are exempt from income tax, on the condition that the seller either has no obligation to maintain accounting books or maintains single entry accounting records. If the seller of such shares maintains double entry accounting records as per the relevant Greek legislation, application of the income tax is deferred for as long as the seller includes the capital gains in a special reserve account for the purposes of off setting potential future losses from the sale of shares (whether listed with the ATHEX or not). Upon distribution of the gains or upon liquidation of the seller's business, capital gains are subject to the income tax, applicable at that time according to the general legal provisions. In the event that losses result from the transfer of shares in a given fiscal year, any loss remaining after being off set against the capital gains in the special reserve account or, if no such account exists, the total amount of losses is transferred to a special account and not deducted from the company's gross income. The said amount is only off set against future capital gains resulting from the sale of shares listed with the ATHEX.

Shares acquired on or after 1 July 2013

Transaction tax

A transaction tax of 2‰ (or 0.2%) is applied on the sale of shares listed with the ATHEX. Such tax is calculated on the shares' sale price and is borne by the seller, whether the seller is an individual, legal entity or association of persons or assets, irrespective of nationality, residence or location of corporate seat and irrespective of whether the seller is subject to any tax or duty exemption pursuant to provisions of other laws. Such tax is applicable both to market and OTC transactions, as well as MTF transactions. HELEX charges such tax, daily upon settlement, on the investment firms and credit institutions acting as custodians settling share sale transactions on behalf of the sellers.

The transaction tax for shares acquired on or after 1 July 2013 is the same as the transaction tax for shares acquired on or before 30 June 2013.

Capital gains tax

Capital gains resulting from the sale of shares listed with the ATHEX are taxed, for individuals or businesses that maintain single or double-entry accounting records, at a rate of twenty per cent (20%), where such shares have been acquired, by any means, from 1 July 2013 and onwards. Capital gains tax is borne by the seller and paid by HELEX once for all transactions settled within each two month period, no later than 15 days following the end of such two month period, at the Tax Office pertinent for HELEX which also submits the relevant tax statement.

The exact procedure for the payment of the capital gains tax, the form and content of the tax statement and any other detail relating to the implementation of the above tax regime is expected to be further regulated by a decision of the Minister of Finance.

If the capital gains beneficiary is an individual, application of the aforementioned tax discharges the beneficiary's tax liability with respect to such gains; legal entities are taxed according to the general income tax provisions, in which case any capital gains tax already paid shall be deducted from such entity's income tax, as the case may be.

For the calculation of the capital gains tax, the actual sale price is taken into account, which is determined according to the table issued by the investment firm or credit institution involved in the transaction. For OTC or MTF transactions, the sale price is considered to be the price notified to the HELEX for the settlement of the transaction, even if the share's settlement price on the settlement date is not notified.

Inheritance and Gift Taxes for Athex Listed Shares

According to the provisions of Articles 12, 29 and 44 of the Greek Code of Inheritance, Gift, Parental Donation and Gambling Tax, as amended by Article 35, paragraph 3 of Law 3220/2004 and Article 25 of Law 3842/2010, where shares listed with the ATHEX are gifted on the basis of inheritance, gift, or parental donation, the market value of these shares as at the day preceding the date when the tax obligation becomes due, is subject to tax on a progressive system which depends on the degree of the relationship between the parties in accordance with Article 29 of such Code.

Share-lending Tax

Pursuant to the provisions of Article 4, paragraph 4 of law 4038/2012, a 2‰ (or 0.2%) tax is applicable on the OTC lending of listed shares, such transactions, including the respective agreement or other relevant act, being exempt from stamp duty. The tax is borne by the lender (whether the lender is an individual or a legal entity) and is calculated on the value of lent shares. The above provisions are applicable to share lending carried out on or after 2 February 2012.

Taxation of Warrants

As at the date of this Supplemental Offering Memorandum, the taxation of Warrants is not specifically addressed by applicable legislation. On the basis of the most reasonable interpretation of applicable tax provisions, the granting of the Warrants is not subject to taxation in Greece; no taxable profit or loss results from exercising any rights attached to the Warrants for tax residents in Greece.

Accordingly, any profit or loss which the seller derives from the sale of the Warrants will not be subject to income tax at the end of the financial year, if the seller is a natural person or a personal undertaking or a company that keeps books under the single-entry system in Greece (Article 38, paragraph 7 of the Greek Income Tax Code). If the seller is a personal undertaking or company which keeps books under the double-entry system in Greece, profits deriving from the sale of Warrants will not be subject to income tax at the end of the financial year, if such profits are included in a special reserve account in order to be off-set against losses that this undertaking or company may incur in the future from the same source. In this case, these profits will be subject to income tax, according to the general provisions, where the seller distributes the aforementioned special reserve or ceases to operate (Article 38, paragraph 6 of the Greek Income Tax Code). Until the date of this Offering Memorandum, profits derived from the sale of Warrants were not subject to withholding tax upon accrual (special income taxation). Due to recent amendments to the Greek Income Tax Code (Article 24 of the Greek Income Tax Code, as amended by Law 4110/2013), it is not certain if the above approach remains.

There is no special provision according to which the transfer of Warrants is subject to the transfer tax of 0.2%. However, where the relevant purchase option is exercised and the beneficiary has acquired ordinary shares of the Bank as a result of this exercise, then the transfer tax of 0.2% will apply.

See "Risk Factors—Risks Relating to the Warrants—Warrants are a novel financial instrument for Greece and their tax treatment is not yet specifically regulated by the Greek tax framework".

Certain U.S. Federal Income Tax Considerations

TO ENSURE COMPLIANCE WITH U.S. TREASURY DEPARTMENT CIRCULAR 230, INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF OR REFERENCE TO U.S. FEDERAL TAX ISSUES IN THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED UNDER THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"); (B) SUCH DISCUSSION IS BEING USED BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

General

The following discussion is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Rights, Warrants and New Shares by U.S. Holders (as defined below). This summary is based on provisions of the Code, U.S. Treasury regulations promulgated thereunder and administrative rulings and judicial interpretations thereof, all as at the date hereof, and all of which are subject to change, possibly retroactively. This summary is limited to U.S. Holders that acquire Rights, Warrants and New Shares pursuant to the Offering, or are initial holders of Warrants, and that will hold the Rights, Warrants and New Shares as capital assets (generally, property held for investment). This summary does not discuss all aspects of U.S. federal income taxation that may be important to an investor in light of its individual circumstances, for example, an investor subject to special tax rules (e.g., banks, thrifts, real estate investment trusts, regulated investment companies, insurance companies, dealers in securities or currencies, expatriates, tax-exempt investors, holders that own 10% or more of our voting stock, holders that are subject to the alternative minimum tax, holders whose functional currency is not the U.S. dollar, or holders that hold Rights, Warrants and New Shares as a position in a "straddle", as part of a "synthetic security" or "hedge", as part of a "conversion transaction" or other integrated investment, or as other than a capital asset). In addition, this summary does not address any aspect of state, local or foreign taxation or any aspect of U.S. federal taxation other than income taxation.

For purposes of this summary, "U.S. Holder" means a beneficial owner of Rights, Warrants and New Shares that is, for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation or other entity taxable as a corporation that is created or organised in the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust that (i) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons or (ii) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) is the beneficial owner of Rights, Warrants and New Shares, the U.S. federal income tax treatment of a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. A partnership holding Rights, Warrants or New Shares and the partners in such a partnership should consult their tax advisers regarding the associated tax consequences.

U.S. Holders should consult their tax advisers regarding the U.S. federal, state and local, and non-U.S. tax consequences to them of the acquisition, ownership and disposition of Rights, Warrants and New Shares.

Rights

A U.S. Holder should not recognise any gain or loss for U.S. federal income tax purposes as a result of the receipt, exercise or expiration of the Rights. If the fair market value of Rights when received by a U.S. Holder is less than 15% of the fair market value of the Ordinary Shares with respect to which such Rights are received, the Rights will have no basis unless the U.S. Holder affirmatively elects to allocate its adjusted tax basis in its Ordinary Shares between its Ordinary Shares and the Rights received in proportion to their relative fair market values (as determined on the date Rights are received). A U.S. Holder must make this election in its timely filed U.S. federal income tax return for the taxable year in which the Rights are received and once made, the election is irrevocable. If the fair market value of Rights when received by a U.S. Holder is 15% or more of the fair market value of the Ordinary Shares with respect to which Rights are received, a U.S. Holder's adjusted tax basis in its Ordinary Shares must be allocated between its Ordinary Shares and the Rights received in proportion to their relative fair market values (as determined on the date Rights are received). Any tax basis allocated to the Rights under these rules will be allocated back to the Ordinary Shares if the Rights expire unexercised.

A U.S. Holder will recognise capital gain or loss on the sale or other taxable disposition of Rights, in an amount equal to the difference between the U.S. Holder's tax basis in the Rights, if any, and the U.S. dollar value of the amount realised from the sale or other disposition. Any such gain generally will be U.S.-source gain for U.S. foreign tax credit purposes. Any such loss generally will be allocated against U.S.-source income for U.S. foreign tax credit purposes. A U.S. Holder's holding period in the Rights will include its holding period in the Ordinary Shares with respect to which the Rights were distributed. If the U.S. Holder's holding period for the Rights exceeds one year, any gain or loss will be long-term capital gain or loss. The deductibility of capital losses may be subject to limitations.

The amount realised on a disposition of Rights in exchange for any currency other than the U.S. dollar should equal the U.S. dollar value of such currency translated at the spot exchange rate in effect on the date of disposition or, if the Rights are traded on an established securities market (which the Bank believes the ATHEX to be), in the case of a cash method or electing accrual method U.S. Holder, the settlement date. A U.S. Holder's tax basis in the currency received should equal such U.S. dollar amount realised, as described above. Any gain or loss realised by such holder on a subsequent conversion or other disposition of the non-U.S. dollar currency generally will be U.S.-source ordinary income or loss.

The basis of each New Share acquired upon exercise of a Right will equal the sum of the subscription price for such New Share and the U.S. Holder's tax basis (determined as described above), if any, in the Right exercised. The holding period of any New Share so acquired will begin on and include the date the U.S. Holder exercises the Right.

Warrants

The tax treatment of the receipt of the Warrants is unclear. It is possible that a U.S. Holder that receives the Warrants upon its exercise of Rights (or its acquisition of New Shares) will be viewed as having acquired an investment unit. In such event, the U.S. Holder will not recognise any gain or loss for U.S. federal income tax purposes as a result of the receipt of the Warrants, and will determine its tax basis in the Warrants and the New Shares by allocating the Subscription Price between such New Shares and the Warrants received in proportion to their relative fair market values (as determined on the date the Warrants are received).

Alternatively, upon receipt of the Warrants, a U.S. Holder may be required to recognise ordinary income equal to the fair market value of the Warrants on the date the Warrants are received. In such event, the U.S. Holder's tax basis in the Warrants will equal the fair market value of the Warrants on the date they are received and the U.S. Holder's basis in its New Shares will equal the Subscription Price.

Such U.S. Holder's holding period for the Warrants will begin on and include the date received. U.S. Holders will recognise capital loss on the expiration of the Warrants in an amount equal to their tax basis in the Warrants. Any such loss generally will be allocated against U.S.-source income for U.S.-foreign tax credit purposes. If a U.S. Holder's holding period for the Warrants exceeds one year, any such gain or loss will be long-term capital loss. The deductibility of capital losses may be subject to limitations.

A U.S. Holder should not recognise any gain or loss for U.S. federal income tax purposes as a result of the exercise of the Warrants.

The basis of New Shares acquired upon an exercise of the Warrants will equal the sum of the exercise price of the Warrants and the U.S. Holder's tax basis in the Warrants exercised (determined as described above). The holding period of any Ordinary Shares so acquired from HFSF will begin on and include the date the U.S. Holder exercises the Warrants.

A U.S. Holder will recognise capital gain or loss on the sale or other taxable disposition of the Warrants (other than by exercise) in an amount equal to the difference between the U.S. Holder's tax basis in the Warrants and the U.S. dollar value of the amount realised from the sale or other disposition. Any such gain generally will be U.S.-source gain for U.S. foreign tax credit purposes. Any such loss generally will be allocated against U.S.-source income for U.S. foreign tax credit purposes. If the U.S. Holder's holding period for the Warrants exceeds one year, any such gain or loss will be long-term capital gain or loss. The deductibility of capital losses may be subject to limitations.

The amount realised on a disposition of the Warrants in exchange for any currency other than the U.S. dollar should equal the U.S. dollar value of such currency translated at the spot exchange rate in effect on the date of disposition or, if the Warrants are traded on an established securities market (which the Bank believes the ATHEX to be), in the case of a cash method or electing accrual method U.S. Holder, the settlement date. A U.S. Holder's tax basis in the currency received should equal such U.S. dollar amount realised, as described above. Any gain or loss realised by such holder on a subsequent conversion or other disposition of the non-U.S. dollar currency generally will be U.S.-source ordinary income or loss.

New Shares

Distributions on New Shares

Subject to the discussion under "—Passive foreign investment company rules" below, a distribution of cash or property with respect to New Shares (including the amount of any Greek taxes withheld) generally will be treated as a dividend to the extent paid out of the Bank's current or accumulated earnings and profits, as determined under U.S. federal income tax principles, and will be includible in the gross income of a U.S. Holder on the date the distribution is actually or constructively received. The Bank does not expect to maintain calculations of its earnings and profits under U.S. federal income tax principles; therefore, U.S. Holders should expect that the entire amount of any distribution generally will be reported as dividend income. Any such dividend income will not be eligible for the dividends-received deduction allowed to corporate U.S. Holders.

Subject to certain holding period requirements and other conditions, dividends paid to non-corporate U.S. Holders may be eligible for preferential rates of taxation if the dividends are "qualified dividends" for U.S. federal income tax purposes. Dividends received with respect to the New Shares will be qualified dividends if the Bank (i) is eligible for the benefits of a comprehensive income tax treaty with the United States that the U.S. Internal Revenue Service (the "IRS") has approved for the purposes of the qualified dividend rules and (ii) was not, in the year prior to the year in which the dividend was paid, and is not, in the year in which the dividend is paid, a passive foreign investment company ("PFIC") for U.S. federal income tax purposes.

The United States—Greece Tax Treaty has been approved for the purposes of the qualified dividend rules and the Bank expects that it generally will be eligible for the benefits of that Treaty. In addition, the Bank believes that it was not a PFIC for its 2012 taxable year and, although no assurances can be given, it does not anticipate becoming a PFIC for its current taxable year or any foreseeable future taxable year. See "—Passive foreign investment company rules" below.

The gross amount of any dividends paid in any currency other than the U.S. dollar will be includible in the income of a U.S. Holder in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day such currency is received, whether or not such currency is converted into U.S. dollars on that day. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend payment is includible in income to the date, if any, such payment is converted into U.S. dollars or otherwise disposed of will be treated as ordinary income or loss. Any such gain generally will be U.S.-source gain for U.S. foreign tax credit purposes. Any such loss generally will be allocated against U.S.-source income for U.S. foreign tax credit purposes.

A dividend distribution generally will be treated as foreign-source "passive category" income for U.S. foreign tax credit purposes. If Greek taxes are withheld from a dividend distribution to a U.S. Holder, the holder will be treated as having actually received the amount withheld and as having paid such amount to the Greek taxing authorities. In such event, the amount that the U.S. Holder will include in gross income as a dividend will be greater than the amount of cash the U.S. Holder actually receives. A U.S. Holder may be entitled to deduct or credit non-refundable Greek income taxes withheld from dividend payments in determining its U.S. federal income tax liability, subject to certain limitations (including that the election to deduct or credit foreign taxes applies to all of such U.S. Holder's foreign taxes for a particular tax year). The rules governing the calculation and timing of foreign tax credits and the deduction of foreign taxes are complex and depend upon a U.S. Holder's particular circumstances. U.S. Holders should consult their tax advisers regarding the availability of the foreign tax credit in their particular circumstances.

Sale, exchange, redemption or other taxable disposition of New Shares

A U.S. Holder generally will recognise capital gain or loss on the sale, exchange, redemption or other taxable disposition of New Shares in an amount equal to the difference between the amount realised upon the disposition and the holder's adjusted tax basis in such New Shares. Subject to the discussion under "—Passive foreign investment company rules" below, any such capital gain or loss will be long-term if the U.S. Holder's holding period for the New Shares exceeds one year at the time of such sale, exchange, redemption or other taxable disposition. In most circumstances, gain will be treated as U.S.-source gain for U.S. foreign tax credit limitation purposes and losses will be allocated against U.S.-source income. The deductibility of capital losses may be subject to limitations.

The amount realised on a disposition of New Shares in exchange for any currency other than the U.S. dollar should equal the U.S. dollar value of such currency translated at the spot exchange rate in effect on the date of disposition or, if the New Shares are traded on an established securities market (which the Bank believes the ATHEX to be), in the case of a cash method or electing accrual method U.S. Holder, the settlement date. A U.S. Holder's tax basis in the currency received should equal such U.S. dollar amount realised, as described above. Any gain or loss realised by a U.S. Holder on a subsequent conversion or other disposition of the non-U.S. dollar currency generally will be U.S.-source ordinary income or loss.

Passive foreign investment company rules

The foregoing discussion of dividends and capital gains assumes that the Bank is not a PFIC for U.S. federal income tax purposes. A non-U.S. corporation is classified as a PFIC for U.S. federal income tax purposes for each taxable year in which (a) 75% or more of its gross income is passive income (as defined for U.S. federal income tax purposes) or (b) on average for such taxable year, 50% or more (by value) of its gross assets either produce or are held for the production of passive income. For purposes of the PFIC provisions, passive income generally includes dividends, interest, royalties, rents and gains from some securities transactions.

An exception exists for income derived by non-U.S. corporations from the active conduct of a banking business that meets certain requirements described in proposed U.S. Treasury regulations. In this regard, in 1989, the IRS issued a notice (the "Notice") that would require a non-U.S. bank to, among other things, derive at least 60% of its gross income from "bona fide" banking activities, which include the acceptance of deposits from unrelated persons which represent at least 50% of its total liabilities for the taxable year, and making loans to unrelated persons which represent at least 50% of the average principal of all loans outstanding during the taxable year.

Subsequent to the issuance of the Notice, the U.S. Treasury Department issued proposed regulations (the "Proposed Regulations") that are not yet in effect, which would markedly modify the Notice and which, if finalised, would apply retroactively to taxable years beginning after December 31, 1994. In order to be an active bank under the Proposed Regulations, a non-U.S. bank must meet certain licensing, deposit taking and lending and gross income requirements.

The Bank believes that it should qualify as an active bank under both the Notice and the Proposed Regulations, assuming that the Proposed Regulations are finalised in their current form, based upon the Bank's regulatory status under Greek law, its banking activities performed in the ordinary course of business (including lending, accepting deposits and depositing money in other banks), the proportion of its income derived from activities that are "bona fide" banking activities for U.S. federal income tax

purposes, and its securities activities performed in the ordinary course of business (including selling debt instruments to customers in a dealer capacity). Accordingly, the Bank's management believes that the Bank was not a PFIC for its 2012 taxable year (the latest period for which the determination can be made). Furthermore, based on its current regulatory status under Greek law, the nature of its activities and composition of its assets and sources of income (taking into account the proceeds from the Offering), the Bank does not expect to be a PFIC for the current taxable year or for any foreseeable future taxable year.

Because a PFIC determination is a factual determination that must be made following the close of each taxable year and is based on, among other things, the market value of the Bank's assets, and because the Proposed Regulations (although retroactive in application) are not currently in force, there can be no assurance that the Bank will not be considered a PFIC for the current year or any subsequent year. If the Bank were to be a PFIC in any taxable year, materially adverse U.S. federal income tax consequences could result for U.S. Holders. Prospective investors should consult their tax advisers as to the potential application of the PFIC rules as well as the impact of any proposed legislation that could affect them.

Transfer reporting requirements

A U.S. Holder that subscribes for New Shares may be required to file IRS Form 926 with the IRS if the aggregate subscription price paid by the holder, when aggregated with all transfers of cash made by the holder (or any related person) to the Bank within the preceding twelve-month period, exceeds $100,000 (or its equivalent). U.S. Holders that are required to file IRS Form 926, but fail to do so, could be subject to substantial penalties. U.S. Holders should consult their tax advisers to determine whether they are subject to any IRS Form 926 filing requirements.

Foreign financial asset reporting requirements

Certain U.S. Holders may be required to report to the IRS certain information relating to an interest in the New Shares unless such New Shares are held in accounts maintained by certain financial institutions. A U.S. Holder required to report such information must file a complete IRS Form 8938 (Statement of Specified Foreign Financial Assets) with its tax return for each year in which it holds an interest in the New Shares. Penalties apply if a U.S. Holder is required to submit such information to the IRS and fails to do so. U.S. Holders should consult their tax advisers regarding the application of these rules in their particular circumstances.

Possible FATCA withholding after 2016

Sections 1471 through 1474 of the Code (such provisions commonly known as "FATCA") impose a 30% withholding tax on certain payments that are considered "foreign passthru payments" made by a non-U.S. financial institution (such as the Bank) that has entered into an agreement with the IRS in order to comply with FATCA (each such non-U.S. financial institution, a "Participating FFI"). The Bank intends to become a Participating FFI, until such time, if ever, that it qualifies as a Reporting FI (as defined under "Risk Factors—U.S. Foreign Account Tax Compliance Act Withholding may affect payments received by the Bank or payments on the New Shares"). Under U.S. Treasury regulations, if the Bank becomes a Participating FFI, this withholding tax may be imposed on payments on New Shares, to the extent such payments are considered "foreign passthru payments", to any non-U.S. financial institution (including an intermediary through which a holder may hold New Shares) that is not a Participating FFI and is not otherwise exempt from FATCA. The term "foreign passthru payment" is not defined and it is not clear whether or to what extent payments on the New Shares would be considered foreign passthru payments. Under U.S. Treasury regulations, withholding will not be required with respect to foreign passthru payments before 1 January 2017.

Prospective investors should consult their tax advisers regarding the implications of FATCA in their particular circumstances.

Other Tax Considerations

Due to the nature of the Offering, prospective investors who are subject to tax in other jurisdictions are strongly advised to consult an appropriate professional adviser to establish their particular tax consequences in relation to the Offering.

General Information on the Rights Offering

We are offering up to 4,079,411,764 Rights Offering New Shares to holders of our Ordinary Shares at a Subscription Price of €1.70 per Rights Offering New Share and at a ratio of 35.680197 Rights Offering New Shares for every Ordinary Share, pursuant to the pre-emptive rights which have been granted to them under Greek law and our Articles of Association. Holders of Ordinary Shares will receive one Right per Ordinary Share they own on the Record Date. No fractional shares will be issued upon exercise of Rights. The Rights are freely transferable, subject to applicable securities laws, and traded on the ATHEX as at the commencement of the Rights trading period. Each holder will be entitled to subscribe for 35.680197 Rights Offering New Shares for every Right held.

Further information about the Rights, the procedures for exercising the rights and the transfer of the Rights is summarised below.

Restrictions on Ability of Certain Holders of Ordinary Shares to Participate in the Rights Offering

The Rights Offering is only addressed to persons to whom it may lawfully be made. The distribution of this Offering Memorandum, and the exercise of any Rights, may be restricted by law. Persons into whose possession this Offering Memorandum comes or who wish to exercise any Rights must inform themselves about and observe any such restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, due to the restrictions under the securities laws of certain other countries, holders of Ordinary Shares resident in such countries may not exercise Rights.

Neither the Rights nor the Rights Offering New Shares offered pursuant to this Offering Memorandum (including the Remaining Rights Offering New Shares, if any) have been, or will be, registered under the Securities Act or any U.S. state securities laws. Accordingly, the Rights may not be exercised and the Rights Offering New Shares may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Each person who exercises any Rights outside the United States will be deemed to represent and warrant that it can lawfully subscribe for the Rights Offering New Shares and, in particular, that (i) it is, and the person, if any, for whose account or benefit it is acquiring such Rights Offering New Shares is, outside the United States, (ii) it is acquiring the Rights Offering New Shares in an offshore transaction meeting the requirements of Regulation S, and (iii) it is aware that the Rights Offering New Shares have not been and will not be registered under the Securities Act and are being distributed and offered outside the United States in reliance on Regulation S. Further, each investor exercising any Rights shall be deemed to acknowledge and agree that we, our affiliates and others may rely upon the truth and accuracy of the foregoing representation and warranty.

Certain Greek government-related entities cannot participate in the Rights Offering and/or may not be entitled to receive Warrants.

Pursuant to the Second Economic Adjustment Programme, the Greek government has stated that, apart from the HFSF, no Greek government entity will acquire shares in Offering or indirectly grant loans, guarantees or subsidies for the purchase of shares of the systemic banks. Based on the statement of the Greek government, shareholders of the Bank that are government entities must not exercise their pre-emptive rights, or otherwise acquire shares of the Bank, in this capital increase. Even if such entities acquire Ordinary Shares in the Offering, it is not certain that their participation will be taken into account in the assessments of whether we have raised enough capital to meet the Minimum Threshold and to avoid the need to issue Contingent Convertible Securities. In addition, such holders may not be entitled to the benefits granted to private investors participating in the Offering, such as the receipt of Warrants.

Timetable for the Rights Offering

The timetable below lists certain important dates relating to the Rights Offering. All time references are to Athens time. This timetable is indicative and we reserve the right to make changes to such timetables.

Action	On or about
HCMC Approval of Greek Prospectus	3 June 2013
ATHEX Approval of trading of the Rights	3 June 2013
Publication of the Greek Prospectus	4 June 2013
Cum-Rights Date	4 June 2013
Ex-Rights Date	5 June 2013
Record Date for the Rights Offering	7 June 2013
Rights are credited by HELEX to the beneficiaries' accounts on the DSS	10 June 2013
Commencement of the Subscription Period	11 June 2013
Trading of the Rights commences on the ATHEX	11 June 2013
Trading of the Rights ceases on the ATHEX	18 June 2013
End of the Subscription Period	25 June 2013
Allocation of Oversubscription and Rump	28 June 2013
ATHEX announcement for the subscription and allocation of unsubscribed shares	28 June 2013
ATHEX approval of trading of Rights Offering New Shares and the Warrants	3 July 2013
ATHEX announcement for the date of the commencement of trading of the Rights Offering New Shares and the Warrants	4 July 2013
Expected date for commencement of trading on the ATHEX	5 July 2013

Subscription Rights

Holders of Ordinary Shares will receive one right for every Ordinary Share they own on the Record Date. Rights will be freely transferable (subject to applicable securities laws) and traded on the ATHEX, as at the commencement of the Rights trading period. Holders of Rights will be entitled to subscribe at the Subscription Price per Rights Offering New Share for 35.680197 Rights Offering New Shares per Right.

Oversubscription Right

Holders of the Rights (whether holders of Ordinary Shares or transferees of Rights) will have the right to subscribe for Rights Offering New Shares that are not subscribed for by other holders of Rights (the "Oversubscription Right") at the Subscription Price. Oversubscription Rights will be satisfied at the discretion of our board of directors and for a number of unsubscribed Rights Offering New Shares determined by our board of directors.

Fractions of Rights Offering New Shares shall not be issued.

Cum-Rights Date, Record Date and Ex-Rights Date

The Ordinary Shares are expected to trade with Rights on the ATHEX until the Cum-Rights Date. The Record Date for the purpose of determining entitlement to Rights is 7 June, 2013.

The Ex-Rights Date for the Ordinary Shares is expected to be 5 June 2013. The Ordinary Shares will trade on the ATHEX without any Rights on and after that date.

Subscription Period for the Rights Offering

The Rights may be exercised during the Subscription Period from 11 June 2013 to 25 June 2013. Rights that are not exercised prior to the end of the Subscription Period will expire valueless without compensation.

The commencement and expiration dates for the Subscription Period, as determined by our Board of Directors, have been published in the Daily Official List of the ATHEX, on the ATHEX website and on our website (http://www.piraeusbankgroup.com.) and through a press release in accordance with Greek law and the Athens Exchange Regulation.

Any exercise of Rights will be irrevocable, unless a supplement to the Greek Prospectus is issued in accordance with the provisions of Article 16 of Law 3401/2005, as in force, in which case investors

having agreed to subscribe for Rights Offering New Shares or having subscribed for Rights Offering New Shares prior to the publication of such supplement may renege on such subscription at the latest within two working days as from publication of such supplement.

Exercise of Rights

Each holder of Rights may exercise all or only part of its Rights and may elect to exercise its Oversubscription Right. The Rights (and the Oversubscription Right) may be exercised at the branches of the Bank either directly or through a broker or other custodian. Each holder of Rights may exercise its Rights (and the Oversubscription Right) by delivering a Rights certificate (the "Certificate") issued by HELEX, together with an irrevocable instruction to block an amount in its account held with the Bank or by submitting a cash payment in an account with the Bank equal to the Subscription Price for the Rights Offering New Shares (and any Pre-Subscription) such holder is subscribing for. In order to receive the Certificate, each holder of Rights should contact:

(a) its authorised securities account operator (broker or custodian) in the HELEX (if its Ordinary Shares are not deposited in a special account of the DSS); or

(b) the HELEX (if its Ordinary Shares are held in a special account).

In order to exercise their Rights, holders will need to produce their identification card, their tax registration number, a printout of their DSS details and the Certificate. They are also required to provide their:

(a) investor account record number in DSS;

(b) securities account number in DSS; and

(c) authorised securities account operator in DSS.

Any subscription funds not used to acquire any Rights Offering New Shares will be released and returned without interest.

Subscriptions must be received prior to 14:30 (Athens time) on 25 June 2013. Any persons exercising Rights will bear any risk associated with the delivery of their subscriptions and the payment of the Subscription Price for the Rights Offering New Shares subscribed for by such persons. Deposits in the mail will not constitute delivery. Each holder of Rights who wishes to exercise such Rights should consult with the financial institution through which it holds its Ordinary Shares and such Rights as to the manner, timing and form of exercise documentation, method of payment of the Subscription Price and other related matters required to effect such exercise.

Following the end of the Subscription Period, the Bank will determine and publish in the ATHEX Daily Bulletin the aggregate number of Rights Offering New Shares subscribed for pursuant to the exercise of Rights.

We reserve the right to modify the Rights Offering procedures at any time prior to the end of the Subscription Period.

Allocation of Remaining Rights Offering New Shares

Any remaining Rights Offering New Shares that are not subscribed for pursuant to the Rights Offering, the Oversubscription and the BCP Private Placement may be offered in Greece, to eligible investors outside the United States in offshore transactions in reliance on Regulation S and/or within the United States only to QIBs in reliance upon an exemption from the registration requirements of the Securities Act at the Institutional Offering Price, subject to certain conditions, provided that the Institutional Offering Price shall not be less than the Subscription Price.

Any Remaining Rights Offering New Shares that are not allocated to eligible investors will become part of the HFSF Shares and will be subscribed for by the HFSF at the Subscription Price. The HFSF Shares shall be subscribed for by the HFSF making an in-kind contribution to the share capital of the Bank of notes issued by the EFSF. We will issue 4,185,027,000 of the Rights Offering New Shares (assuming that private sector investor participation in our Recapitalisation Plan constitutes 10% of the Total Capital Requirement) to the HFSF. The HFSF Shares shall be subscribed for at the Subscription Price by the HFSF making an in-kind contribution to the share capital of the Bank of notes issued by the EFSF. The number of Rights Offering New Shares issued to the HFSF will be reduced by the

number of Rights Offering New Shares subscribed for by private sector investors in excess of 10% of the Ordinary Share Capital Increase.

Delivery of Rights Offering New Shares

Upon approval by the ATHEX of the listing of the Rights Offering New Shares, we shall deliver them to subscribers by registration of such Rights Offering New Shares in each subscriber's individual book-entry securities account at the DSS. The delivery is expected to take place on or about 4 July 2013. However, we can give no assurance that such issue and delivery of the Rights Offering New Shares will not be delayed.

The Rights Offering New Shares will rank equally in all respects with existing Ordinary Shares and will entitle their holders to receive the dividends declared for the year 2013 with respect to our Ordinary Shares subject to any prohibition pursuant to Law 3723/2008; see "Dividends and Dividend Policy—Current Restrictions on Dividends". The Rights Offering New Shares will confer all rights, including voting rights, from their date of issue, but that are, in practice, exercisable by their holders only from the date of commencement of trading on the ATHEX.

Withdrawal Rights

If we do not succeed in raising the €575.5 million Minimum Threshold from private sector investors, including through the BCP and SG subscriptions of Ordinary Shares, the Rights Offering, the Oversubscription and the Institutional Offering, we will prepare and distribute a supplement to this Offering Memorandum, following which private sector investors subscribing for New Shares will be entitled to withdraw their subscription within two business days from publication of the supplement.

Trading of Rights Offering New Shares

An application will be made to list the Rights Offering New Shares on the ATHEX. Trading of the Rights Offering New Shares acquired pursuant to the Rights Offering will commence on the ATHEX under the symbol "TPEIR" and is expected to be on or about 5 July 2013.

Corporate Authorisations

On 24 April 2013, the Second Iterative General Meeting of our shareholders approved the share capital increase. This approval was ratified on 23 May 2013 by a meeting of the holder of the Special Preference Shares. On 29 May 2013, our Board of Directors approved the terms of the Rights Offering.

The BCP Private Placement

In connection with the MBG Acquisition, BCP has agreed, subject to completion of the MBG Acquisition, to subscribe for the BCP Private Placement New Shares with a value equal to €400 million in an issuance to be effected as a private placement of Ordinary Shares in the context of the Recapitalisation Plan for which the pre-emptive rights of existing holders of Ordinary Shares have been waived. In the event that the conditions to BCP's subscription obligation are not satisfied, the Ordinary Shares for which pre-emptive rights of existing holders have been waived are expected to be sold through a private placement or allocated to investors as resolved by our Board of Directors.

BCP will receive Warrants in the same proportion to the number BCP Private Placement New Shares it acquired as other private sector investors. BCP has agreed that the BCP Private Placement New Shares will have restricted voting rights until certain events occur. These voting rights will be limited to voting at general meetings of shareholders on matters pertaining to modifications of the Bank's Articles of Association, including: an increase or reduction of the Bank's share capital or provision of relevant authorisation to the Board of Directors; merger, division, conversion, revival, extension of duration or dissolution of the Bank; asset transfers, including sale of subsidiaries; or any other matters that require an extraordinary quorum and majority, as provided under Greek law.

For an initial period of six months following the date of the issuance of the New Shares, BCP Investment B.V., the affiliate of BCP through which it will subscribe for the BCP Private Placement New Shares, has undertaken, subject to certain exceptions, that neither it or its affiliates will sell, transfer, grant options over or otherwise dispose of any Ordinary Shares, Warrants or any other class of shares of the Bank or any interests therein which it may hold.

BCP Investment B.V. has also agreed to be bound by a further lock-up obligation that is less restrictive than the initial obligation and that would commence following the expiration of the initial lock-up period and which will end on the earlier of: (a) the time at which BCP Investment B.V. holds such number of Ordinary Shares as comprise less than 5% of the total Ordinary Shares of the Bank that have unrestricted voting rights, (b) 66 months after the date of the issuance of the New Shares and (c) the HFSF having unrestricted voting rights on the Ordinary Shares that it holds. Following the expiration of the second lock-up period, BCP Investment B.V. will no longer be bound by the lock-up undertaking, provided that it and its affiliates will have due regard to the aim of not affecting an orderly market in the Ordinary Shares, Warrants or any other class of shares of the Bank.

Additional HFSF Offering

In connection with the ATEbank Acquisition, the HFSF has agreed to subscribe for New Shares to assist us in meeting our capital needs arising out of this acquisition. Accordingly, the HFSF has committed to provide us with an in-kind capital contribution in the form of EFSF notes in aggregate principal amount equal to €570 million in exchange for which we will issue HFSF Shares to the HFSF with a total value equal to the aggregate principal amount of the EFSF notes, or €570 million.

To the extent that private sector participation in the Offering meets or exceeds the Minimum Threshold, the HFSF Shares will have restricted voting rights, which will allow the HFSF to exercise its voting rights at general meetings of shareholders only for resolutions regarding modifications or amendments of the Bank's Articles of Association, including: an increase or reduction of the Bank's share capital or provision of relevant authorisation to the Board of Directors; merger, division, conversion, revival, extension of duration or dissolution of the Bank; asset transfers, including sale of subsidiaries; or any other matters that require a qualified majority, as provided under Greek law. Similarly, the HFSF Shares will be taken into account for the calculation of quorum, granting voting rights only for the aforementioned matters.

Subscription Right of the Government of the Hellenic Republic

Pursuant to applicable law and in accordance with our bylaws, the Hellenic Republic, as a holder of Special Preference Shares, is entitled to exercise pre-emptive rights to acquire Ordinary Shares at the Subscription Price in the same proportion to its existing participation in our share capital if there are any unsubscribed Ordinary Shares at the end of the Subscription Period.

At the extraordinary general meeting of preferred shareholders of the Bank held on 23 May 2013, the Hellenic Republic waived its pre-emptive rights with respect to any Ordinary Shares that are not subscribed at the end of the Subscription Period of the Rights Offering.

Warrants

Issue and delivery

To the extent that private sector participation in the Ordinary Share Capital Increase reaches at least the Minimum Threshold, the HFSF will issue to investors participating in the Rights Offering, the Oversubscription and the Institutional Offering, as well as BCP and SG, for no additional charge, one Warrant for each New Share acquired pursuant to Greek Law 3864/2010 and Cabinet Act No. 38. If this 10% threshold is not met, no Warrants will be issued by the HFSF.

The terms of issuance of the Warrants are governed by the Greek Law 3864/2010 and Cabinet Act No. 38. The Warrants have not yet been issued. See "Risk Factors—Risks Relating to the Warrants".

Each Warrant shall enable the holder thereof to purchase from the HFSF, at the exercise price and during the exercise period mentioned below, a predetermined number of our Ordinary Shares held by the HFSF to be determined pursuant to the formula set forth under "—Number of underlying Ordinary Shares" below.

The Warrants are transferable securities within the meaning of case of article 1, paragraph 3 of Greek Law 3371/2005; shall be issued in registered form; be independently listed following an application therefore to be made by the Bank; and be freely traded on the ATHEX simultaneously with the admission to trading of the New Shares. There are no limitations regarding the transfer of the Warrants. Warrants will be kept in book-entry form in the Dematerialised Securities System of HELEX and their International Security Identification Number, or ISIN, will be announced before their admission to trading on the ATHEX. The initial trading price of the Warrants will be calculated by the ATHEX. The Warrants will be traded in euros.

There will be only one issue of Warrants, following completion of the Offering. Warrants will be allotted to the private sector investors, including BCP and SG, who subscribed for New Shares and there will be no separate or special process to be followed by the private sector investors in order to subscribe for Warrants. The holders of the Warrants will not have voting rights.

The HFSF will issue and deliver the Warrants to their beneficiaries simultaneously with the delivery of the New Shares. In particular, the Warrants will be credited in the same investor account and operator account, which is kept in the DSS and where the New Shares will be credited (see "The Offering—Delivery of Rights Offering New Shares"). We will cover all expenses related to the admission to trading and free of charge delivery of the Warrants to the beneficiaries.

Reasons related to the Offering and use of the income

The aim of issuance of the Warrants is to motivate investors to participate in the Offering.

There is no consideration for the offering of the Warrants and the Bank will pay all relevant expenses that are required for the admission to trading and the recording of the Warrants on the ATHEX.

Number of underlying Ordinary Shares

The number of Ordinary Shares corresponding to each Warrant shall be calculated as follows:

X = A/B

WHERE:

X: is the number of Ordinary Shares that the Warrant holder is entitled to purchase from the HFSF;

A: is the total number of HFSF Shares acquired by the HFSF in the HFSF Offering and the Additional HFSF Offering; and

B: is the total number of new Ordinary Shares acquired by private sector investors in the Offering and through the placements to BCP and SG.

The number of Ordinary Shares corresponding to each Warrant will be adjusted accordingly in the case of corporate events or pursuant to a right of the HFSF to dispose of HFSF Shares and shall be announced by the Bank on our website and in the official daily bulleting of the ATHEX.

At the time of exercise, any fractional shares corresponding to the Warrants of the same holder being exercised will be aggregated and rounded down to the nearest integral number.

Information regarding past and future returns of the Ordinary Shares and their volatility are available on the website of the ATHEX: http://www.ase.gr.

Exercise price

The exercise price of the Warrants will be equal to the price that the HFSF paid for acquiring each of the HFSF Shares in the Offering, i.e., the Subscription Price, or €1.70, plus accrued interest calculated by application of an annual interest rate of 3% increased by a spread of:

- 1% for the first year from the Warrants issue date;
- 2% for the second year;
- 3% for the third year;
- 4% for the fourth year; and
- 5% for the remaining time

over the number of HFSF Shares that the Warrantholder is entitled to purchase by exercising its purchase right.

The Warrants exercise price will be adjusted accordingly in case of corporate events and will be announced by the Bank on our website and in the official daily bulletin of the ATHEX, respectively (See "Risk Factors—Risks Relating to the Warrants—In the case of a corporate event, any adjustment

to the exercise price and the number of Ordinary Shares underlying each Warrant may not adequately compensate the holders of Warrants for the value of their rights prior to such corporate events").

The following table sets forth the indicative exercise prices for the potential acquisition of Ordinary Shares underlying the Warrants, per six-month exercise period, based on the issue price.

Exercise Period	Months[(1)]	Initial interest rate	Annual spread	Number of days in period	Exercise price (€) (Indicative)
1	6	3.0%	1.0%	180	1.7340
2	12	3.0%	1.0%	360	1.7680
3	18	3.0%	2.0%	180	1.8105
4	24	3.0%	2.0%	360	1.8530
5	30	3.0%	3.0%	180	1.9040
6	36	3.0%	3.0%	360	1.9550
7	42	3.0%	4.0%	180	2.0145
8	48	3.0%	4.0%	360	2.0740
9	54	3.0%	5.0%	180	2.1420

(1) From the date of issuance of the Warrants.

An investor may acquire the underlying Ordinary Shares at the exercise of the Warrants, against payment of an amount equal to the number of the Ordinary Shares underlying the Warrants multiplied by the exercise price set forth in the above table for each relevant period.

Exercise period and exercise process

Subject to the paragraph below with respect to the right of the HFSF to dispose of underlying Ordinary Shares of the Bank, Warrants can be exercised by their holders every six months, starting from the date that falls six months from the Warrants issue date until the date that falls 54 months from the Warrants issue date. Warrants not exercised within this period shall lapse and shall be cancelled by the HFSF.

We will announce the procedure for the exercise and settlement of the Warrants at least 10 days before each Warrants exercise date, on our website and in the official daily bulleting of the ATHEX.

Right of the HFSF to dispose underlying Ordinary Shares

For a period of 36 months from the Warrants issue date, the HFSF is not allowed to transfer the Ordinary Shares underlying the Warrants, unless such transfer occurs due to the exercise of a Warrant.

After this period and until the expiration of the Warrants, the HFSF shall be entitled to transfer the underlying Ordinary Shares provided that it has announced to the holders of the Warrants its intention to transfer a specific number of underlying Ordinary Shares (the "Transferable Shares") to third parties and has given prior notice of not less than 30 calendar days to the Warrant holders inviting them to:

(a) acquire the Transferable Shares at a price per Ordinary Share equal to the lower of:

  (i) the exercise price; and

  (ii) the volume-weighted average stock exchange price of the Ordinary Shares during the 50 trading days period preceding the above notice; and/or

(b) exercise their Warrants with respect to the underlying Ordinary Shares not being Transferable Shares at a date not being a scheduled exercise date (the "Extraordinary Exercise Date").

Following the disposal of the Transferable Shares by the HFSF, the number of Ordinary Shares underlying each Warrant shall be adjusted accordingly, and the HFSF shall not be obliged to indemnify the Warrantholders.

If the disposal of the Transferable Shares has not been wholly or partially completed by the HFSF within six months from the Extraordinary Exercise Date, then the HFSF shall not be allowed to transfer the underlying Ordinary Shares to third parties, unless it repeats the procedure set out above.

For six months after the Extraordinary Exercise Date, the exercise of the Warrants will be suspended, however, Warrantholders will be entitled to exercise their Warrants at the Extraordinary Exercise Date and the date falling six months thereafter.

Announcements

We will enter into an agreement with the HFSF in order to announce on our website and in the official daily bulleting of the ATHEX all changes in the rights and obligations of the Warrantholders that may occur during the term of the Warrants, in accordance with Greek Laws 3340/2005 and 3556/2007.

Issuer of the Warrants[1]

Introduction

The HFSF was founded in 21 July 2010, under Greek Law 3864/2010, as a private legal entity. The purpose of the HFSF is to maintain the stability of the Greek banking system through the strengthening of the capital adequacy of Greek credit institutions, including subsidiaries of foreign credit institutions legally operating in Greece, and through the recapitalisation of transitional credit institutions (bridge bank) formed in accordance with article 63E of Greek Law 3601/2007.

According to Greek Law 4051/2012, with effect from 29/02/2012, the HFSF will pay all amounts that the Hellenic Deposit & Investment Guarantee Fund (HDIGF) would have paid, according to Greek Law 3601/2007, for the fulfilment of the obligations, which according to the above provisions, already exist or will exist by 31 December 2013. In this case the HFSF shall have the rights and privileges of HDIGF pursuant to Greek Law 3746/2009.

In pursuing its purpose, the HFSF must manage its capital and its assets and exercise its rights as shareholder in a way that protects the value of such assets, minimises the risks for the Greek citizens and does not hinder or distort competition in the banking sector.

The temporary liquidity support provided for under Greek Law 3723/2008 or within the framework of the operations of the Eurosystem and the Bank of Greece, does not fall under the scope of the HFSF's purpose.

The HFSF also examines whether the credit institutions to which it has granted capital support and to which Article 7a of Greek Law 3864/2010 applies, implement their restructuring plans, safeguarding at the same time the business autonomy of said credit institutions. In cases where the HFSF is not restricted in the exercise of its voting rights, it shall ensure that the aforementioned institutions operate on market terms in order to promote in a transparent way private sector participation in their capital.

In addition, the HFSF must ensure that the management of the investments of the transitional credit institutions (within the meaning of Article 63E of Greek Law 3601/2007), is efficient and that such transitional credit institutions operate on market terms so as to promote private sector participation in their capital in a transparent way, comply with the state aid rules and ensure a balanced funding of their activities.

In addition, the HFSF may provide guarantees to states, international organisations or other beneficiaries and in general may take any action necessary for implementing the decisions made by the bodies of the eurozone with a view to supporting the Greek economy. The HFSF may provide guarantees to financial institutions mentioned above and grant security over its assets for the fulfilment of its obligations under such guarantees. Relevant details may be determined by a decision of the Minister of Finance.

Pursuant to the founding act, the HFSF's tenor has been set up to 30 June 2017. In case that during the original expiry date of the HFSF tenor, valid certificates representing shares of ownership rights exist, the tenor of the HFSF is automatically extended for one more year. The Minister of Finance may extend the duration of the HFSF's tenor for a maximum of two years, if deemed necessary to fulfil the purpose of the HFSF.

The registered office of the HFSF is located in Athens at the following address: 10, Eleftheriou Venizelou Avenue.

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1 The information in this section "Issuer of Warrants" has been taken from the HFSF's website, http://www.hfsf.gr/el/index.htm,and has not been verified by the Bank. The information in this section is accurately represented as per the relevant laws currently in place, and to the Bank's knowledge, according to information published by third parties on their website, there are no omissions that would render the information misleading or untrue.

Significant events—Actions within the scope of activity

The most significant events with regards to the activity of the HFSF, up to the date of the publication of this Offering Memorandum, are described as follows:

Effective as at 9 October 2011, following the proposal of the Bank of Greece (and in accordance with Greek Law 3601/2007), the HFSF is the sole shareholder of the first transitional credit institution in Greece, New Proton Bank S.A. ("New Proton"), established by decision no. 9250/9.10.2011 of the Minister of Finance. On 9 October 2011, the HFSF contributed the first instalment of New Proton's initial share capital (€220 million). The second instalment (€30 million) was contributed on 3 February 2012. Following the decision for the share capital increase, the HFSF paid €230 million on 1 August 2012 and €35 million on 31 December 2012.

New Proton's share capital. New Proton's share capital stands at €515 million after these contributions. Within the framework of the recovery procedures for credit institutions, the HFSF will contribute the amount that the HDIGF would have paid, pursuant to Greek Law 3601/2007. and will have the rights and privileges of the HDIGF pursuant to Greek Law 3746/2009. In this context, the HFSF contributed (a) on 14 May 2012, €259.6 million to New Proton, following reassessment of the difference between the value of the transferred liabilities and the value of the transferred assets of Proton Bank being subject to the special liquidation procedures; (b) on 10 April 2012, €310.9 million to National Bank of Greece S.A. corresponding to the difference between the interim valuation of the transferred liabilities and the transferred assets of the three credit institutions, namely the Cooperative Bank of Lesvos-Limnos, the Cooperative Bank of Achaia and the Cooperative Bank of Lamia, which were subject to the special liquidation procedure following a decision of the Bank of Greece and on 20 July 2012, the HFSF contributed to National Bank of Greece an additional amount of €13,632,055, following the final assessment of the payable consideration made by the Bank of Greece, while on 30 October 2012, the amount of €4.1 million was returned following the final assessment of the value of the transferred assets; (c) on 1 August 2012, €6,678,890,000 to the Bank corresponding to the difference between the interim valuation of the transferred liabilities and transferred assets of ATEbank, which was subject to the special liquidation procedure following a decision of the Bank of Greece; (d) on 29 January 2013, €2,730,831,00 to New TT Hellenic Postbank ("New TT"), according to Greek Law 3601/2007, as amended, two thirds of the difference between the interim valuation of the transferred liabilities and the transferred assets of old TT Hellenic Postbank, which was subject to the special liquidation procedure, with the remaining amount due to be contributed following the final assessment by the Bank of Greece; (e) on 14 February 2013, €226,956,514 to New TT, following the final assessment of the difference between the valuation of the transferred liabilities and the transferred assets, of TT Bank SA which was subject to the special liquidation procedure; and (f) on 26 March 2013, €794,827,000 to the Bank, corresponding to the difference between the valuation of the transferred liabilities and the transferred assets of ATEbank, which was subject to the special liquidation procedure following the final assessment of the Bank of Greece.

On 15 March 2012, the EFSF, the Hellenic Republic, the HFSF and the Bank of Greece, signed the "Master Financial Assistance Facility Agreement" amounting to a total of €109.0 billion and the HFSF guarantees on behalf of the Hellenic Republic the amount, which will be used for the recapitalisation of the credit institutions.

On 17 April 2012, the HFSF signed with the Hellenic Republic and the Bank of Greece the Acceptance Notice for the deposit of EFSF notes into the HFSF's account amounting to a total of €25.0 billion, which pertain to the recapitalisation and revitalisation of the credit institutions.

On 20 April 2012 the HFSF issued Commitment Letters for provision of capital support for an amount of €18.0 billion, valid through 30 September 2012, towards National Bank of Greece S.A. (€6.9 billion), Eurobank Ergasias S.A. (€4.2 billion), Alpha Bank S.A. (€1.9 billion) and Piraeus Bank S.A. (€5.0 billion), which were assessed as viable by the Bank of Greece, so as to cover the minimum capital adequacy ratio requirement of 8%.

According to the Legislative Act on 30 April 2012, it was decided that Greek Law 3864/2010 would be amended, according to which in any future share capital increase of a credit institution that has been assessed as viable by the Bank of Greece, the HFSF will pay an advance of its subscription to the share capital increase, or part thereof and up to the amount set by the Bank of Greece, notwithstanding the procedures set forth under Greek Law 3864/2010, following a decision by the Bank of Greece.

A Cabinet Act on 3 May 2012 was issued setting the terms of the presubscription agreements to be drafted, between the HFSF, the credit institutions, the EFSF and the Bank of Greece, which were signed on 28 May 2012.

Following the execution of the relevant pre-subscription agreements on 28 May 2012, the HFSF contributed EFSF notes of a total nominal value of €18 billion to the four banks, as an advance in view of its participation in the share capital increase of the four banks. More particularly, National Bank of Greece S.A. received EFSF notes of a total nominal value of €7.43 billion, Eurobank Ergasias S.A. of a total nominal value of €3.97 billion, Alpha Bank S.A. of a total nominal value of €1.9 billion and Piraeus Bank S.A. of a total nominal value of €4.70 billion.

On 27 July 2012, the Bank of Greece entered into a definitive solution regarding the sustainability of ATEbank, through the transfer of the healthy section to Piraeus Bank. The transfer includes the branch network, total deposits, healthy assets, and specific business activities. The HFSF covers the difference in value between the transferred assets and liabilities as well as the capital requirements of the transferred assets.

On 21 December 2012, following the execution of the amended presubscription agreements, the HFSF transferred further securities issued by the EFSF totalling approximately €6.2 billion to the four banks that were deemed viable and specifically, to the National Bank of Greece S.A. (€2.3 billion), Eurobank Ergasias S.A. (€1.3 billion), Alpha Bank S.A. (€1.0 billion) and Piraeus Bank S.A. (€1.5 billion). In addition, the HFSF has granted to these banks certificates that it is committed to provide additional capital support to the amount of €0.5 billion to Eurobank Ergasias S.A., €1.6 billion to Alpha Bank S.A. and €1.0 billion to Piraeus Bank.

On 29 January 2013, the HFSF proceeded with the required capitalisation of the New TT after the decision of the Ministry of Finance and following the recommendation of the Bank of Greece with respect to its foundation, as part of Greek Law 3601/2007.

Summary of the HFSF's Investment Securities in Share Capital

Within the framework of its scope, as at the date of this Offering Circular, the HFSF is the sole shareholder of the following credit institutions:

New Proton Bank

During the first half of 2011, the Bank of Greece performed an on-site inspection on Proton Bank, following which, the Bank of Greece suggested the creation of a new "Transitional Credit Institution" under the name "New Proton Bank S.A." in which all deposits and selected assets and liabilities of the former bank were transferred. The licence of the "old" Proton Bank was recalled by the Bank of Greece and the "old" Proton Bank was put under liquidation.

On 9 October 2011, the HFSF contributed to the share capital of New Proton and became its sole shareholder. The share capital of €515 million was paid in four tranches: €220.0 million in October 2011, €30.0 million in February 2012, €230 million in August 2012 and €35 million in December 2012.

In collaboration with its new sole shareholder, New Proton submitted to the Bank of Greece and the European Commission a detailed restructuring plan based on new strategic initiatives to revitalise the bank and enhance its attractiveness and its financial results with the goal of selling it.

New TT Hellenic Postbank

On 29 January 2013, the HFSF proceeded with the required capitalisation of the New TT, following the decision of the Ministry of Finance and following the recommendation of the Bank of Greece for its foundation, as part of Greek Law 3601/2007. The HFSF is the sole shareholder of New TT. All deposits, branch network, sound business activities and most of the assets of the "old" TT Hellenic Postbank were transferred to New TT. The immediate goal of the HFSF, as the shareholder of New TT, is the smooth integration of New TT into the new competitive landscape formed in the Greek banking sector. The HFSF will subsequently pursue a sale of New TT to another bank.

Administrative, Management and Supervisory Bodies

According to Greek Law 3864/2010, the decision-making bodies of the HFSF are the General Council and the Executive Committee. The General Council consists of seven members (instead of five,

which was the number of members before the amendment of Greek Law 3864/2010 in April 2013) and the Executive Committee consists of three members. One representative of the European Commission and one representative of the ECB, or their alternates, may attend the meetings of the General Council and the Executive Committee, as observers and without voting rights.

As at the date of the publication of this Offering Memorandum, as per decision no 3710/B. 294 of the Minister of Finance (Official Gazette A 35/30.01.2013), the General Council and the Executive Committee of the HFSF are comprised of the following members:

General Council

Christos Sklavounis	President
Andreas Beroutsos	Member
Pierre Mariani	Member
Eftuchia Michailidou	Member, Ministry of Finance representative
Efthimios Gatzonas	Member, Bank of Greece representative

According to the recent amendment of Greek Law 3864/2010 in April 2013, the General Council now has seven members (instead of five that it used to have) and the appointment of the other two members will take place within the next 4 months from the date that this amendment is published in the Government Gazette (this amendment has not received a Government Gazette date until the publication of this IOC).

Executive Committee

Anastasia Sakellariou	CEO
Marios Koliopoulos	Deputy CEO
Anastasios Gagalis	Member

The Bank is not in a position to be aware of any conflicts of interest between the potential obligations that a member of the General Council and/or the Executive Committee may have and the private interests or other obligations of theirs.

Executive Committee

The Executive Committee consists of three members, two of which, including the Managing Director, must be persons with international experience in banking matters or in matters relating to the resolution of credit institutions and one of which shall be a person nominated by the Bank of Greece. The members of the Executive Committee are selected by a committee consisting of an equal number of representatives of the Ministry of Finance and the Bank of Greece following a public call for expressions of interest. Representatives from the European Commission and the

ECB may participate in the Executive Committee as observers without voting rights. The Members of the Executive Committee are appointed, subject to the consent of the Euro Working Group by the Minister of Finance for terms of five years, which may be renewed; no appointment shall extend beyond the date the tenor of the HFSF expires. The Members of the Executive Committee may be removed prior to the expiry of their term of office by decision of the Minister for Finance, when any of the conditions of paragraphs 6 and 7 of article 4 of Greek Law 3864/2010, as in force, applies.

The Executive Committee is charged with the preparation of the HFSF's tasks and the implementation of its decisions and conduct of its operations. The Executive Committee has, indicatively, the following specific powers and tasks under Greek Law 3864/2010, as in force:

- the Executive Committee proposes and implements the decisions of the General Council;
- the Executive Committee has the authority to take all actions required or deemed advisable for the administration or operations of the HFSF, including the HFSF's powers and responsibilities with respect to the procurement of goods and services, entering into contractual commitments on behalf of the HFSF, appointing the staff and advisers of the HFSF, and generally representing the HFSF;
- the Executive Committee may delegate any of its powers or tasks to any of its members or to the HFSF's cadres, in accordance with the general terms and conditions adopted by the General Council, taking into account conflict of interest issues and provided that the Managing Director shall primarily exercise his powers pursuant to Greek Law 3864/2010;

- the Executive Committee shall have such other powers and tasks as explicitly granted by this
- Law or any other law;
- to represent the HFSF judicially and extra judicially; and
- to perform any other power not expressly granted to the General Council.

All powers under Greek Law 3864/2010 and any other law that are vested in the HFSF is deemed vested in the Executive Committee, unless specifically reserved for the General Council.

The Executive Committee meets as often as the business of the HFSF may require but not less than once a week. Meetings of the Executive Committee are convened and chaired by the Managing Director or in his/her absence by the person replacing him, who is the other member of the Executive Committee, referred to in the Greek Law 3864/2010, as in force. Two members constitute a quorum for Executive Committee meetings, provided that the one is the Managing Director or in his/her absence, the person substituting him/her. If a quorum is not achieved, the President or Managing Director, respectively, may convene an extraordinary meeting at which decisions may be taken without regard to the existence of a quorum.

General Council

The General Council consists of seven members, five of which, including the President, are persons with international experience in banking matters. The other members of the General Council are a representative of the Ministry of Finance and a person nominated by the Bank of Greece. The members of the General Council are selected by a committee consisting of an equal number of representatives of the Ministry of Finance and the Bank of Greece following a public call for expressions of interest. The members of the General Council are each appointed (subject to the consent of the Euro Working Group for the members other than for those nominated by the Bank of Greece and the Ministry of Finance) by the Minister of Finance for a term of five years, which may be renewed; no appointment may extend beyond the duration of the HFSF and Members may be removed prior to the expiry of their term of office by a decision of the Minister for Finance, in case any of the conditions of Greek Law 3864/2010 applies.

The General Council is charged with the oversight over the exercise of the HFSF's tasks and powers, and the examination of the administration and the operations of the HFSF. The specific powers and tasks of the General Council are the following:

- to oversee the exercise of the tasks of the HFSF and its compliance with the principles enshrined in Article 2 of Greek Law 3864/2010;
- to decide on the matters provided for in paragraphs 4 and 6 of Articles 6 and 8, of Greek Law
- 3864/2010, approve the general policies and the by-laws and internal rules applicable to the administration and operations of the HFSF, including the HFSF's code of conduct for the members of its General Council;
- to approve the appointment of the senior management of the HFSF, including that of among others the Chief Internal Auditor, the Chief Risk Manager, the Chief Investment Manager, and the Chief Legal Counsel;
- to approve the HFSF's general terms and conditions of employment, including the remuneration policy;
- to approve the annual budget of the HFSF;
- to approve the annual report and other formal reports and the financial statements of the HFSF;
- to approve the appointment of the external auditors of the HFSF;
- to approve the establishment of one or more advisory bodies, determine their terms and conditions of appointment of their members, and determine the terms of reference of such bodies;
- to establish one or more committees consisting of members of the General Council and/or other persons, and define their responsibilities;

- to adopt the Internal Regulation of Operations for the General Council as well as the Public Procurement Regulation for goods and services for contracts not falling under the Presidential Decree 60/2007; and
- to exercise such other powers and tasks as explicitly granted by Greek Law 3864/2010 or any other law.

The Managing Director is responsible to the General Council for the execution of General Council's decisions and for control of the administration and operations of the HFSF. The Managing Director, or in his/her absence the other member substituting him, reports, as often as required by the General Council but not less than ten times each year, to the General Council.

The General Council meets as often as the business of the HFSF may require but not less frequently than ten times per calendar year. Meetings of the General Council are convened by its President or in his absence by any another member of the General Council, other than the representative of the Ministry of Finance and the person appointed by the Bank of Greece. A quorum at any meeting of the General Council consists of at least four members of the General Council. For the four months transitional period following the amendment of Greek law 3864/2010 in April 2013 and for so long as the General Council consists of five members, quorum at the meetings of the General Council will consist of at least three members. If a quorum is not present, the President or Managing Director, respectively, may convene an extraordinary meeting at which decisions may be taken without regard to the existence of a quorum; such decisions must be ratified at the next regular meeting of the General Council to remain in effect. Each member of the General Council has one vote and in the event of a tied vote, the person chairing the meeting casts a tie-breaking vote. Save as otherwise provided in this law, decisions shall be adopted by a majority of the members present at the meeting.

Internal Audit Division & Internal Audit Committee

By a decision of the Executive Committee and with the approval of the General Council a person of recognised standing and professional expertise in auditing shall be appointed as chief internal auditor, and shall head the Internal Audit Division of the HFSF with a five-year term of office that may be renewed, however not after the expiration of the term of the HFSF. The chief internal auditor is not subject to administrative hierarchy, enjoys full independence in the performance of his duties, has access to all books, records and accounts of the HFSF and reports directly to the General Council and the Executive Committee, whenever deemed necessary, through the Internal Audit Committee.

The internal auditor is subject to the incompatibilities of article 16B of Greek Law 3864/2010 and article 7, paragraph 3, subparagraph (b) of Greek Law 3016/2002 and are under a duty of loyalty and confidentiality. Early termination of its term of office may occur if qualifying circumstances take place that make him ineligible for to hold such position by analogous application of paragraphs 6 and 7 of Article 4 of Greek Law 3864/2010, as in force.

The duties and authorities of the internal auditor are defined in the Audit Committee Charter, approved by decision of the General Council and include at least, those referred to in Article 8 of Greek Law 3016/2002, insofar as it is compatible with the operation and the purpose of the HFSF. The Internal Audit Division is supervised by the Audit Committee, established by the HFSF's Board of Directors, the Audit Committee consists of two non-executive members of the Board of Directors and an external financial expert with proven competency and international experience in both audit and accounting, and supervises the Internal Audit Department. Particularly, the Audit Committee engages in:

- Supervision of the internal audit function.
- Proposal for the appointment of external auditors and the scope of their services.
- Consultation with the external auditors regarding audit findings of the latter.
- Audit of the annual financial statements jointly with the external auditors.
- Submission of reports to the General Council, the Executive Committee and the Internal Audit Committee on a regular basis.
- Regulation of any matter governing the Audit Committee's operations.

The Executive Committee or members of the HFSF's staff may be invited to attend the meetings of the Audit Committee.

HFSF Personnel

The HFSF personnel is appointed by a decision of the Executive Committee, following a call of interest invitation and an assessment of relevant qualifications.

The HFSF's personnel have a private law employment agreement of a definite period of three years, with a renewal option.

Allowed is also secondment to the HFSF, of officials, lawyers working on a "paid assignment" basis, as well as staff working on a private law employment agreement for an indefinite period, either from the Public Sector or from Public Legal Entities or Private Legal Entities, as well as employees from the Bank of Greece.

Additional Information

Share capital

The share capital, according to amended Greek Law 3864/10, amounts to €50 billion resulting from funds which are raised as part of the mechanism put in place by the European Union and the IMF to support Greece according to Greek Law 3845/2010, and which will be gradually covered from the Greek government and included in non-transferable titles until the expiry of the HFSF. After the expiry of the HFSF tenor and the completion of its liquidation, the capital and the assets of HFSF will be transferred automatically to the Greek State. As at 31 December 2011 the paid in share capital totalled €1.5 billion.

As at the financial statement approval date, i.e. on 31 December 2012, the HFSF's share capital stood at €42.5 billion, following the HFSF's capital increases on 19 April 2012 and 21 December 2012 in the amounts of €25 billion and €16 billion, respectively, with the contribution bonds of floating rate notes issued by the EFSF.

Founding act statute

The HFSF is governed by the provisions of Greek Law 3864/2010, Establishment of a Financial Stability Fund, which is its founding law. It is as a private legal entity and does not belong to the public sector or the broader public sector. It has administrative and financial autonomy, operates exclusively under the rules of the private economy and is governed by the provisions of the founding law as in force. In addition, the provisions of Greek Law 2190/1920 are applied as in force, provided they are not contrary to the provisions and the objectives of the founding law of the HFSF. The purely private nature of the HFSF is neither affected by the fact that its entire capital is subscribed for solely by the Hellenic Republic, nor by the issuance of the required decisions by the Minister of Finance.

Greek Law 3864/2010, which defines HFSF's operations, is available on the HFSF's website http://www.hfsf.gr/files/legal/01.L3864.pdf.

Legal and arbitration proceedings

According to Note 14 of the annual report of the HFSF for the financial year from 21 July 2010 to 31 December 2011, there are no pending cases.

Information on the perspectives

The procedure of capital support of the banks will continue to constitute the main activity of the HFSF also in 2013. In order to effect it, the HFSF has already been supported with funds in the amount of €42.5 billion (total approved capital) in the context of the lending agreement signed between the EFSF and the Hellenic Republic. For the capital support of the systemic banks (the banks considered viable) the credit institutions, the EFSF and the HFSF have concluded the presubscription agreements dated 28 May 2012 by virtue of which securities issued by the HFSF were granted to HFSF as advance against its participation in the programme of capital support of each banking group which participates in it. The HFSF as shareholder will have certain rights as regards to the operations of the Bank, which will remain in effect until the completion of the Ordinary Share capital increase.

Financial information and auditor's report

The following financial information have been extracted by the financial report of the first accounting year (21/7/2010-31/12/2011) of HFSF as approved by the Board of Directors of HFSF and as audited by its auditors DELOITTE Greece (Hadjipavlou Sofianos Cambanis), who have provided an unqualified opinion.

Basic Balance Sheet information in euro thousand as at 31 December 2011

Total assets	1,291,156.50
Total liabilities	392.46
Net worth	1,290,764.04

Basic profit and loss information in euro thousand for the year ended 31 December 2011

Total loss	(209,235.96)

HFSF PRIVATE PLACEMENT

In connection with the Cypriot Acquisitions, the HFSF has agreed to subscribe for New Shares to assist us in meeting our capital needs arising out of these acquisitions. Accordingly, in a private placement transaction to be effected concurrently with the Offering, the HFSF has approved and will provide us with an in-kind capital contribution in the form of EFSF notes in aggregate principal amount equal to €524 million, in exchange for which we will issue HFSF Private Placement New Shares to the HFSF with a total value equal to the aggregate principal amount of the EFSF notes, or €524 million. In accordance with Article 68 of Law 4150/2013, the number of HFSF Private Placement New Shares issued to the HFSF will not count towards the assessments of whether we have raised enough capital to meet the Minimum Threshold and to avoid the need to issue Contingent Convertible Securities.

To the extent that private sector participation in the Offering meets or exceeds the Minimum Threshold, the HFSF Private Placement New Shares will have restricted voting rights, which will allow the HFSF to exercise its voting rights at general meetings of shareholders only for resolutions regarding modifications of the Bank's Articles of Association, including: an increase or reduction of the Bank's share capital or provision of relevant authorisation to the Board of Directors; merger, division, conversion, revival, extension of duration or dissolution of the Bank; asset transfers, including sale of subsidiaries; or any other matters that require an extraordinary quorum and majority, as provided under Greek law. Similarly, the HFSF Private Placement New Shares will be taken into account for the calculation of quorum, granting voting rights only for the aforementioned matters.

SELLING AND TRANSFER RESTRICTIONS

Selling Restrictions

General

The distribution of this Offering Memorandum and the offer of Offered Securities in certain jurisdictions may be restricted by law and therefore persons into whose possession this Offering Memorandum comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow.

Other than in Greece, no action has been or will be taken in any jurisdiction that would permit a public offering of the Offered Securities, or possession or distribution of this Offering Memorandum or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the Offered Securities may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisement in connection with the Offered Securities may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Offering Memorandum does not constitute an offer to subscribe for any of the Offered Securities to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

Greece

This Offering Memorandum has not been submitted to the approval procedure of the HCMC, pursuant to Law 3401/2005, as in force, and Regulation (EC) 809/2004 of the European Union, and accordingly, may not be used in connection with any offer to purchase or sell any Offered Securities or as part of any form of general solicitation or advertising in circumstances that would constitute an offer to the public in Greece.

United States

None of the Offered Securities have been, or will be, registered under the Securities Act, or the securities laws of any state in the United States, and such securities may be offered, sold, exercised or otherwise transferred only: (i) outside the United States in offshore transactions in reliance on Regulation S; or (ii) within the United States only to "qualified institutional buyers" as defined in Rule 144A in reliance on an exemption from the registration requirements of the Securities Act.

Any person who exercises Rights or Warrants and acquires New Shares and/or HFSF Shares upon the exercise of the Warrants, will be deemed to have acknowledged and agreed either (i) that such person is acquiring such securities in an offshore transaction complying with Regulation S, or (ii) that such person is a QIB acquiring such securities as the case may be in transactions exempt from registration under the Securities Act.

Any person who exercises Rights and/or Warrants and acquires New Shares and/or HFSF Shares, if any, in the United States will be deemed to have made the acknowledgements, representations and agreements set out under "—Transfer Restrictions" below and will be required to execute a QIB representation letter in the form set forth in Annex A to this Offering Memorandum.

In addition, until 40 days after the commencement of the offering of the Offered Securities, an offer or sale of any such securities in the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if the sale is made other than to QIBs in transactions exempt from registration under the Securities Act.

United Kingdom

In the United Kingdom, this Offering Memorandum is only addressed to and directed to Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), and/or (ii) who are high net worth entities falling within Article 49(2)(a) to (d) of the Order, and other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "Relevant Persons"). The securities described herein are only available in the United Kingdom to, and any invitation, offer or agreement to subscribe, purchase or

otherwise acquire such securities in the United Kingdom will be engaged in only with, Relevant Persons. Any person in the United Kingdom who is not a Relevant Person should not act or rely on this Offering Memorandum or any of its contents.

Republic of Italy

This Offering Memorandum has not been submitted to CONSOB for clearance and will not be subject to formal review or clearance by CONSOB.

The Offered Securities may not be offered, sold or delivered, directly or indirectly in the Republic of Italy or to a resident of the Republic of Italy, unless such offer, sale or delivery of the Offered Securities, or distribution of copies of the Offering Memorandum, in the Republic of Italy is:

(a) made only to "qualified investors" (*investitori qualificati*), as defined pursuant to Article 34-*ter*, first paragraph, letter b), of Regulation No. 11971, provided that such qualified investors will act in their own account and not as depositaries or nominees for other shareholders or third parties, but excluding small and medium-sized enterprises and natural persons indicated in Regulation No. 11971 which have not been included in the Bank's register of qualified investors; or

(b) in other circumstances which are exempt from the rules on public offers pursuant to Article 100 of the Italian Securities Act and its implementing CONSOB regulations, including Regulation No. 11971.

Any such offer, sale or delivery of any Offered Securities, or distribution of copies of the Offering Memorandum, in the Republic of Italy must be in compliance with the selling restrictions under (a) and (b) above and must be:

(i) made by *soggetti abilitati* (including investment firms, banks or financial intermediaries, as defined by Article 1, first paragraph, letter r), of the Italian Securities Act), to the extent duly authorised to engage in the placement and/or underwriting and/or purchase of financial instruments in the Republic of Italy in accordance with the relevant provisions of the Italian Securities Act, CONSOB Regulation 16190 of 29 October 2007, as amended, the Italian Banking Act and any other applicable laws and regulations; and

(ii) in compliance with any other applicable requirement or limitation which may be imposed by CONSOB or the Bank of Italy or any other Italian regulatory authority.

In accordance with Article 100-bis of the Italian Securities Act, the subsequent resale on the secondary market in the Republic of Italy of the Offered Securities (which were part of an offer made pursuant to an exemption from the obligation to publish a prospectus) constitutes a distinct and autonomous offer that must be made in compliance with the public offer and prospectus requirement rules provided under the Italian Securities Act and Regulation No. 11971 unless an exemption applies. Failure to comply with such rules may result in the subsequent resale of such Offered Securities being declared null and void and in the liability of the intermediary transferring such Offered Securities for any damage suffered by the investors.

European Economic Area

This Offering Memorandum has been prepared on the basis that any offer of Offered Securities in any member state of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of shares. Accordingly, any person making or intending to make an offer in that Relevant Member State of Offered Securities, which are the subject of the offering pursuant to this Offering Memorandum, may only do so in circumstances in which no obligation arises for the Bank to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. The Bank has not authorised, nor does it authorise, the making of any offer of Offered Securities in circumstances in which an obligation arises for the Bank to publish or supplement a prospectus for such offer. The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any Offered Securities under the offers contemplated in this Offering Memorandum will be deemed to have represented, acknowledged and agreed to the Bank that:

(A) it is a "qualified investor", within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive and (B) in the case of any Offered Securities acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (x) the Offered Securities acquired by it in the Institutional Offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than "qualified investors" as defined in the Prospectus Directive, or (y) where Offered Securities have been acquired by it on behalf of persons in any Relevant Member State other than "qualified investors" as defined in the Prospectus Directive, the offer of those Offered Securities to it is not treated under the Prospectus Directive as having been made to such persons.

For the purpose of the above provisions, the expression "an offer to the public" in relation to any Offered Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer of any Offered Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Offered Securities, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71 EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Dubai International Financial Centre ("DIFC")

This Offering Memorandum relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This Offering Memorandum is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Offering Memorandum nor taken steps to verify the information set forth herein and has no responsibility for the Offering Memorandum. The securities to which this Offering Memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this Offering Memorandum, you should consult an authorised financial adviser.

In relation to its use in the DIFC, this Offering Memorandum is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the Offered Securities may not be offered or sold directly or indirectly to the public in the DIFC.

Japan

The Offered Securities have not been and will not be registered under the Financial Instruments and Exchange Law, as amended (the "FIEL"). This document is not an offer of securities for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organised under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements under the FIEL and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines of Japan.

Switzerland

The Offered Securities may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This Offering Memorandum has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Offering

Memorandum nor any other offering or marketing material relating to the Offered Securities or the Offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Offering Memorandum nor any other offering or marketing material relating to the Offering, the Bank or the Offered Securities have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Offered Securities will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA), and the offer of Offered Securities has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Offered Securities.

Transfer Restrictions

Because of the following restrictions, subscribers of the Offered Securities in the United States are advised to consult legal counsel prior to making any offer for, resale, pledge or other transfer of any of the Offered Securities.

Any investor in securities in the Offering, by accepting delivery of, this Offering Memorandum and such Offered Securities will be deemed to have represented, agreed and acknowledged that:

(i) it (A) is a QIB; (B) is aware that the offer and sale of such securities to it is being made in a transaction exempt from registration under the Securities Act; and (C) is acquiring such securities for its own account or for the account of a QIB, as the case may be; or

(ii) it is acquiring such securities in an offshore transaction complying with Regulation S under the Securities Act.

In each case, any investor in securities in the Offering agrees that:

(i) it understands that none of the Offered Securities has been or will be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except (A) to a QIB in a transaction exempt from registration under the Securities Act; or (B) in an offshore transaction complying with Rule 903 or 904 of Regulation S; or (C) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), or any other exemption from the registration requirements of the Securities Act, subject to the delivery by such purchaser to the Bank of an opinion of counsel (and of such other evidence that the Bank may reasonably require) that such transfer or sale is in compliance with the Securities Act and in accordance with all applicable securities laws of the states of the United States; no representation can be made as to the availability of the exemption provided by Rule 144 for resales of New Shares issued upon the exercise of Rights and/or the HFSF Shares acquired upon the exercise of the Warrants;

(ii) for so long as New Shares issued upon the exercise of Rights and/or the HFSF Shares acquired upon the exercise of the Warrants are "restricted securities" within the meaning of Rule 144A under the Securities Act, such securities may not be deposited into any unrestricted depositary receipt facility in respect of Ordinary Shares established or maintained by a depositary bank; and

(iii) the Bank and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements; if it is acquiring any New Shares issued upon the exercise of Rights and/or the HFSF Shares upon the exercise of the Warrants for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

LEGAL MATTERS

The validity of the Offered Securities offered in the Offering and certain other legal matters with respect to Greek law will be passed upon for us by Kyriakides Georgopoulos Law Firm, our Greek counsel, and certain matters with respect to English and U.S. federal law will be passed upon for us by Shearman & Sterling (London) LLP, our English and U.S. counsel.

INDEPENDENT AUDITORS

Our audited consolidated financial statements as at and for the years ended 31 December 2012, 2011 and 2010 have been included in this Offering Memorandum together with the reports thereon of PricewaterhouseCoopers S.A., an independent public accounting firm, 268 Kifissias Avenue, GR 15232, Chalandri, Athens, Greece, appearing elsewhere in this Offering Memorandum.

AVAILABLE INFORMATION

Pursuant to Greek law, we are required to file with the HCMC unaudited quarterly financial statements and reviewed six-month reports and audited annual reports in accordance with IFRS within two months of the relevant period end for the first, second and third quarters and within three months for our annual report and to disseminate such reports to electronic and printed media with national and pan-European coverage, the ATHEX website and our website in at least English and Greek.

We make available to our shareholders our audited financial statements for the year no later than the end of March. We will make available, but will not mail to shareholders unless specifically requested in writing, (i) audited IFRS annual financial statements for the year no later than the end of March of the following year, (ii) reviewed IFRS financial statements for the first six months of each year no later than the end of August of the year, and (iii) quarterly summary unaudited IFRS financial data for the first and third quarters of each year no later than two months after the end of such quarter.

Our principal office is located at 4 Amerikis Street, 105 64 Athens, Greece, our telephone number is +30 210 33 35 000 and our website is http://www.piraeusbankgroup.com.The contents of this website do not form a part of this Offering Memorandum.

GLOSSARY OF SELECTED TERMS

Acquired Businesses	The ATEbank Acquired Business, Geniki Bank S.A., the Cypriot Acquired Businesses and MBG (subject to antitrust and regulatory approvals and satisfaction of certain conditions)
Acquisitions	The ATEbank Acquisition, the Geniki Acquisition, the Cypriot Acquisitions and the MBG Acquisition
Additional HFSF Offering	The subscription by the HFSF for Ordinary Shares, as part of the Offering, to assist us in meeting our capital needs arising out of the ATEbank Acquisition
Adjusted Ordinary Share Capital Increase	The Ordinary Share Capital Increase, as adjusted such that private sector participation will still account for 10% of the total Ordinary Share Capital Increase, in the event that private sector participation in the Ordinary Share Capital Increase does not reach the 10% of the Initial Capital Assessment but exceeds the Minimum Threshold
APS	Automatic Payment System
ATEbank Acquired Business	The selected assets and liabilities of ATEbank that we acquired in the ATEbank Acquisition
ATEbank Acquisition	Our acquisition of selected assets and liabilities of ATEbank
ATEbank	Agricultural Bank of Greece, S.A.
ATHEX	Athens Stock Exchange
ATM	Automated Teller Machine
Bank	Piraeus Bank S.A.
Bank of Greece	The central bank of the Hellenic Republic
Basel II	The final proposals pertaining to the revised capital adequacy framework issued by the Basel Committee on Banking Supervision
Basel III	The final proposals pertaining to the reform of capital and liquidity requirements issued by the Basel Committee on Banking Supervision.
BCP Private Placement New Shares	The Ordinary Shares subscribed for by BCP in the BCP Private Placement following waiver of the pre-emption rights of existing holders of Ordinary Shares
BCP Private Placement	The subscription by BCP for Ordinary Shares with a value equal to €400 million for which the pre-emptive rights of holders of Ordinary Shares have been waived
BCP	Banco Comercial Português, S.A., Portugal's largest bank
Blackrock Diagnostic Assessment	The diagnostic assessment of Greek banks commissioned by the Bank of Greece and conducted by Blackrock in 2011
Blackrock	BlackRock Financial Management Inc.
Business loans	Loans other than loans to consumers, including loans to SMEs
Buy-Back Programme	The programme launched by the Greek government in December 2012 for the buy-back of Greek government bonds, in which we participated.
Cabinet Act No. 15	Cabinet Act No. 15/2012
Cabinet Act No. 38	Cabinet Act No. 38/2012

CHF	The lawful currency of the Swiss Confederation
Clearstream Banking	Clearstream Banking, *société anonyme*
Contingent Convertible Securities	Securities that are mandatorily convertible into Ordinary Shares, which we will issue, if necessary, in an aggregate principal amount equal to the difference between the Initial Capital Assessment and the Adjusted Ordinary Share Capital Increase, to be subscribed entirely by the HFSF
Core Tier I capital	Tier I capital, excluding Special Preference Shares and excluding intangible assets from hybrid instruments
Core Tier I ratio	Core Tier I capital divided by risk-weighted assets
Cost to income ratio	Sum of cost (i.e., staff expenses, general and administrative costs plus depreciation and profit/loss on sale of property and equipment) divided by total net income of period
Coverage ratio	Cumulative provisions (after fair value adjustment) divided by non-performing loans that are 90 days in arrears (IFRS 7) at the end of the period
CRD III	EU Directive 2010/76/EC on Capital Requirements III
CRD IV	Proposed New EU Directive on prudential and new Regulation requirements for credit institutions and investment firms, published 20 July 2011
Cum-Rights Date	4 June 2013
Cypriot Acquired Businesses	The Greek operations of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank that we acquired in the Cypriot Acquisitions
Cypriot Acquisitions	Our acquisition of the Greek operations of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank
DSS	Dematerialised Securities System
DSS account	A specific account number used to identify accounts opened by investors in order to participate in the DSS
EBA	European Banking Authority
ECB	The European Central Bank
ECOFIN	The EU Economic and Financial Affairs Council
EFSF	European Financial Stability Facility
ELA	Emergency Liquidity Assistance
EMU	Economic and Monetary Union
EN.A.	The alternative market of the ATHEX
Equity Tier I capital	Tier I capital, excluding hybrid instruments and preference shares
Equity Tier I ratio	Equity Tier I capital divided by risk-weighted assets
EU	The European Union
euro, Euro, EUR and €	The common legal currency of the Member States participating in the third stage of the European Economic and Monetary Union
Euroclear	Euroclear Bank S.A./N.V., as operator of the Euroclear System
Eurogroup	The finance ministers of the member states of the eurozone

Eurosystem	The monetary authority of the eurozone, composed of the European Central Bank and the central banks of the member states that belong to the eurozone
eurozone	The euro area, being the Economic and Monetary Union of the Member States of the European Union which have adopted the euro currency as their sole legal tender
Exchange Act	U.S. Securities Exchange Act of 1934, as amended
Ex-Rights Date	5 June 2013
FATCA	U.S. Foreign Account Tax Compliance Act
FATF	Financial Action Task Force
First Economic Adjustment Programme	The first economic reform and financial assistance programme introduced by the IMF, EU and ECB in Greece in 2011.
Fitch	Fitch Ratings Ltd.
FSMA	UK Financial Services and Markets Act 2000
FX	Foreign exchange
GBP	The lawful currency of the United Kingdom of Great Britain and Northern Ireland
GDP	Gross domestic product
Geniki Acquisition	Our acquisition of Geniki Bank S.A.
Greek GAAP	The accounting principles generally accepted in Greece for the relevant period
Greek Prospectus	A separate Greek-language prospectus, pursuant to which the Rights Offering and the Oversubscription is being made in Greece
Group	Piraeus Bank S.A. and its consolidated subsidiaries
HCMC	The Hellenic Capital Market Commission
HELEX	Hellenic Exchanges S.A., Clearing, Settlement and Registry
Hellenic Republic	The official name of Greece and the issuer of Greek government securities
Hellenic Republic Bank Support Plan	The plan introduced by the Hellenic Republic to strengthen the liquidity of the Greek banking sector and economy
HFSF Offering	The offering of HFSF Shares to the HFSF (but excluding the Additional HFSF Offering and HFSF Private Placement)
HFSF Private Placement New Shares	The Ordinary Shares subscribed for by the HFSF in the HFSF Private Placement
HFSF Private Placement	The subscription by the HFSF for Ordinary Shares, concurrently with the Offering, to assist us in meeting our capital needs arising out of the Cypriot Acquisitions
HFSF Shares	Ordinary Shares subscribed for by the HFSF in the HFSF Offering and Additional HFSF Offering
HFSF	Hellenic Financial Stability Fund
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IMF	The International Monetary Fund

Initial Capital Assessment	The Bank of Greece's initial assessment of our capital needs, equal to €7,335 million
Institutional Offering	The offering of Remaining Rights Offering New Shares (but excluding the HFSF Offering)
Institutional Offering Price	The price at which New Shares will be subscribed for in the Institutional Offering
Interim financial statements	Unaudited interim condensed consolidated financial statements for the Group as at and for the three-month periods ended 31 March 2012 and 31 March 2013, which have been prepared in accordance with IAS 34 "Interim Financial Reporting"
IT	Information technology
JPY	The lawful currency of Japan
LLR; Loan loss reserves	Accounting entries we make to cover estimated losses on loans due to defaults and non-payment
MBG Acquisition	Our acquisition of MBG, which remains subject to antitrust and regulatory approvals and satisfaction of certain other conditions
MBG	Millennium Bank S.A., which we acquired in April 2013, subject to antitrust and regulatory approvals
MiFID	Markets in Financial Instruments Directive
MiFID Law	Law 3606/2007, which transposed MiFID
Minimum Threshold	The minimum level for private sector participation in the Ordinary Share Capital Increase, equal to €575.5 million, below which the voting rights on the Ordinary Shares subscribed for by HFSF would become unrestricted, resulting in the effective nationalisation of the Bank
Moody's	Moody's Investors Services Limited
Net interest margin	Net interest income/average interest earning assets
New Shares	The Rights Offering New Shares (including any Rights Offering New Shares subscribed for through the Oversubscription), the Remaining Rights Offering New Shares, the HFSF Shares, the Additional HFSF Offering New Shares, the HFSF Private Placement New Shares and the BCP Private Placement New Shares
NPL	loans that are more than 90 days in arrears (IFRS 7)
NPL ratio	loans that are more than 90 days in arrears (IFRS 7)/total loans and advances to customers at the end of the relevant period
OASIS	The ATHEX Automated Exchange Trading System, an electronic trading system
Offered Securities	The Rights, New Shares and Warrants
Offering	The Rights Offering, Oversubscription, Institutional Offering, HFSF Offering, the Additional HFSF Offering and BCP Private Placement
Ordinary Share Capital Increase	The total amount of capital to be raised by the issuance of Ordinary Shares
Ordinary Shares	The Bank's ordinary shares of nominal value €0.30 per share

OTC	Over-the-counter
Oversubscription	The subscription by holders of Rights for Rights Offering New Shares that are not subscribed for by other holders of Rights
Oversubscription Right	The right of holders of Rights to subscribe for Rights Offering New Shares that are not subscribed for by other holders of Rights, as part of the Oversubscription.
PDMA	Public Debt Management Agency
Presubscription Agreement	The presubscription agreement, dated 28 May 2012, among the Bank, the HFSF and the EFSF, as amended on 21 December 2012 and 24 April 2013
Prospectus Directive	Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU, to the extent implemented in the Relevant Member State)
Provision coverage	Allowances over non-performing loans
PSI	Private sector involvement in reducing the public debt in Greece through exchanging existing Greek government bonds for new Greek government bonds of a lower nominal value
QIB	Qualified institutional buyer, as defined in Rule 144A under the Securities Act
Qualified Investors	As defined in paragraph 1, subparagraph st, Article 2 of Law 3401/2005, as in force
Recapitalisation Plan	The plan for our recapitalisation, which was mandated by the Bank of Greece in September 2012 pursuant to Law 3864/2010, Cabinet Act No. 15 and Cabinet Act No. 38
Record Date	The last day that the Ordinary Shares traded with Rights on the ATHEX, which is expected to be 7 June 2013
Regulation S	Regulation S under the Securities Act
Relevant Member State	Each Member State of the European Economic Area which has implemented the Prospectus Directive, other than Greece
Remaining Rights Offering New Shares	Any remaining New Shares that are not subscribed for pursuant to the Rights Offering, the BCP Private Placement and the Oversubscription
Rights	Transferable pre-emptive subscription rights
Rights Offering	The offering by the Bank of 4,079,411,764 Rights Offering New Shares to holders of its Ordinary Shares on the Record Date at the Subscription Price pursuant to Rights issued to such holders
Rights Offering New Shares	Ordinary registered shares in the share capital of the Bank, offered in the Rights Offering and the Oversubscription
Risk-weighted assets	Total assets at period end weighted by risk factors provided by the Bank of Greece, so as to be used for calculation of capital adequacy level
Rule 144A	Rule 144A under the Securities Act
Second Economic Adjustment Programme	The second economic reform and financial assistance programme introduced by the IMF, EU and ECB in Greece in 2012

Securities Act	U.S. Securities Act of 1933, as amended
SEE	Southeastern Europe
SG	Société Générale
SMEs	Small and medium-sized enterprises
SPEs	Special purpose financing entities
Standard & Poor's; S&P	Standard & Poor's Financial Services LLC
Subscription Period	From 11 June 2013 to and including 25 June 2013
Subscription Price	€1.70 per Rights Offering New Share
Tier I capital	Tier I capital means ordinary shares, share premium, preference shares, reserves, retained earnings, minority interests, hybrid instruments, less treasury shares, less retained losses, less intangible assets, less goodwill
Tier I ratio	Tier I capital to Total Risk-Weighted Assets
Total capital (Tier I and Tier II) ratio	Total capital adequacy ratio (*i.e.,* Tier I and Tier II capital as defined by the Bank of Greece) divided by risk-weighted assets
Total Capital Requirement	The total capital of €7,905 million we are required to raise under the terms of our Recapitalisation Plan
Troika	The ECB, the EU and the IMF
U.S. dollars, USD and $	The lawful currency of the United States of America
Upper Tier I capital	Upper Tier I capital means paid-in capital and share premium accounts, reserves, retained earnings, interim retained earnings, minority interests, less treasury shares, less retained losses, less interim retained losses
Value-at-Risk and VaR	A model used to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market positions
Warrants	Warrants issued by the HFSF to each private sector investor participating in the Offering granting the right to acquire up to 9.99 of the Bank's ordinary shares held by the HFSF

ANNEX A

QIB Representation Letter

[Letterhead of Qualified Institutional Buyer]

To:

Piraeus Bank S.A.
4 Amerikis Street
10564 Athens, Greece

Re: Proposed offer of up to 4,079,411,764 ordinary shares.

Ladies and Gentlemen:

In connection with our proposed acquisition in a private placement by Piraeus Bank S.A. (the "Bank") of (i) ordinary shares of nominal value €0.30 per share of the Bank issuable upon the exercise of subscription rights ("Rights") (the "Rights Offering New Shares") and/or (ii) ordinary shares of nominal value €0.30 per share of the Bank offered in a concurrent offer to private investors for which the pre-emptive subscription rights of existing shareholders of the Bank have been waived (the "Remaining Rights Offering New Shares" and, together with (a) the Rights, (b) the Rights Offering New Shares and (c) any warrants (the "Warrants") that may be issued by the Hellenic Financial Stability Fund (the "HFSF") to investors subscribing for Rights Offering New Shares and/or Remaining Rights Offering New Shares which entitle the holders thereof to acquire the ordinary shares of nominal value €0.30 per share of the Bank held by the HFSF (the "HFSF Shares"), the "Securities"), and in connection with any exercise of Warrants we confirm that:

1. We, and any account for which we are purchasing the Rights Offering New Shares, the Remaining Rights Offering New Shares and/or the HFSF Shares are, and at the time of any exercise by us of the Rights and/or the Warrants, will be, a "qualified institutional buyer" ("QIB"), as defined in Rule 144A ("Rule 144A") under the U.S. Securities Act of 1933, as amended (the "Securities Act").

2. We understand and acknowledge that none of the Securities have been or will be registered under the Securities Act, and that they may not be offered, sold or exercised, directly or indirectly, in the United States, other than in accordance with paragraph 4 below. We are not purchasing any of the Securities with a view to any distribution thereof in a transaction that will violate the Securities Act or the securities laws of any state of the United States or any other jurisdiction.

3. As a purchaser in a private placement of securities that have not been registered under the Securities Act, we have acquired the Rights and are acquiring the Rights Offering New Shares upon the exercise of such Rights, the Remaining Rights Offering New Shares and/or the HFSF Shares upon the exercise of the Warrants for our own account, or for the account of one or more other QIBs for which we are acting as a duly authorised fiduciary or agent with sole investment discretion with respect to each such account and with full authority to make the acknowledgments, representations and agreements herein with respect to each such account, in each case for investment and not with a view to any resale or distribution (within the meaning of the U.S. securities laws) of any such Securities.

4. We understand and agree that, although offers and sales of the Securities are being made only to QIBs, and that the Rights and Warrants may be exercised only by QIBs, it is possible that neither such offers and sales nor such exercises are being made under Rule 144A, and that if, in the future, we or any such other QIB for which we are acting, as described in paragraph 3 above, or any other fiduciary or agent representing such investor, decide to offer, sell, pledge or otherwise transfer any of the Securities, we and it will do so only (i) pursuant to an effective registration statement under the Securities Act, (ii) to a QIB in a transaction meeting the requirements of Rule 144A, (iii) outside the United States pursuant to Rule 904 under Regulation S under the Securities Act in an "offshore transaction" (and not in a pre-arranged transaction resulting in the resale of any such Securities into the United States) or (iv) in accordance with Rule 144 under the Securities Act if available and, in each case, in accordance with any applicable securities laws of any state or territory of the United States and of any other jurisdiction. We understand that no representation can be made as to the

availability of the exemption provided by Rule 144 under the Securities Act for the resale of the Rights Offering New Shares issued upon the exercise of Rights, the Remaining Rights Offering New Shares and the HFSF Shares acquired upon the exercise of the Warrants. We will not solicit any offer to buy, or offer or sell, any of the Securities by any form of general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act). We also shall notify such subsequent transferee of the transfer restrictions set out in this paragraph, paragraphs 1 and 2 above and paragraph 5 below.

5. We understand that for so long as Rights Offering New Shares issued upon the exercise of Rights, the Remaining Rights Offering New Shares and/or the HFSF Shares acquired upon the exercise of the Warrants are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, no such Rights Offering New Shares, Remaining Rights Offering New Shares or HFSF Shares may be deposited into any American depositary receipt facility established or maintained by a depositary bank, other than a restricted depositary receipt facility, and that such Rights Offering New Shares, Remaining Rights Offering Shares and HFSF Shares will not settle or trade through the facilities of The Depository Trust Company or any other U.S. exchange or clearing system.

6. We have received a copy of the Offering Memorandum dated 3 June 2013 (the "Offering Memorandum") relating to the Offering and have had access to such financial and other information concerning the Bank as we have deemed necessary in connection with making our own investment decision to purchase or exercise any of the Securities. We acknowledge that neither the Bank nor any person representing the Bank has made any representation to us with respect to the Bank or the offering or sale or exercise of any of the Securities other than as set forth herein or in the Offering Memorandum which has been delivered to us, and upon which we are relying solely in making our investment decision with respect to any of the Securities. We have held and will hold any offering materials, including the Offering Memorandum, we receive directly or indirectly from the Bank in confidence, and we understand that any such information received by us is solely for us and not to be redistributed or duplicated by us. We acknowledge that we have read and agreed to the matters stated in the section entitled "Selling and Transfer Restrictions" in the Offering Memorandum.

7. We are not entitled to rely on any investigation that any other person may have conducted with respect to the Securities or the Bank, and none of such persons has made any representation to us, express or implied, with respect thereto.

8. We have conducted our own investigation with respect to the Securities and the Bank.

9. We have received all information that we believe is necessary or appropriate in connection with our investment in the Securities.

10. We have made our own assessment and have satisfied ourselves concerning the relevant tax, legal, currency and other economic considerations relevant to our investment in the Securities.

11. We, and each other QIB, if any, for whose account we are acquiring any of the Securities, in the normal course of business, invest in or purchase securities similar to any of the Securities, have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of purchasing any of the Securities and are aware that we must bear the economic risk of an investment in each of the Securities into which it may be exercised for an indefinite period of time and are able to bear such risk for an indefinite period.

12. We are not an affiliate (as defined in Rule 501(b) under the Securities Act) of the Bank, and we are not acting on behalf of an affiliate of the Bank.

13. We have the power and authority to make the acknowledgments, representations and agreements set out in this letter on our own behalf and on behalf of any account for which we are purchasing the Securities. We acknowledge that the Bank and its affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. We understand that the Bank is relying on this letter in order to comply with the Securities Act and other U.S. state securities laws. We irrevocably authorise any account operator, which includes any nominee, custodian or other financial intermediary through

which we sold our Securities in the Bank, to provide the Bank with a copy of this letter and such information regarding our identity and holding of shares in the Bank (including pertinent account information and details of our identity and contact information) as is necessary or appropriate to facilitate our exercise of the Rights and/or the Warrants. We irrevocably authorise the addressees to produce this letter to any interested party in any administrative or legal proceedings or official enquiry with respect to the matters covered herein.

14. We are empowered, authorised and qualified to exercise the Rights and the Warrants and to subscribe for the Rights Offering New Shares, Remaining Rights Offering New Shares and/or the HFSF Shares and the person signing this letter on our behalf has been duly authorised by us to do so.

15. We undertake promptly to notify the addressees if, at any time prior to *[insert date]* 2013, any of the foregoing ceases to be true.

Terms used herein but not otherwise defined have the meanings given to them by Regulation S under the Securities Act.

THIS LETTER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

[Name of Qualified Institutional Buyer]

By:

Name:

Title:

Address:

Telephone number:

Date:

Please note that this investor letter does not represent an order to subscribe for or purchase the Securities. To exercise your Rights to subscribe for the Rights Offering New Shares, please contact your financial intermediary. Please also send a copy of this letter to your financial intermediary.

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[Translation from the original text in Greek]

Report on Review of Interim Financial Information

To the Board of Directors of Piraeus Bank S.A.

Introduction

We have reviewed the accompanying consolidated condensed statement of financial position of Piraeus Bank S.A. (the "Bank") and its subsidiaries (together "the Group") as of 31st March 2013 and the related consolidated condensed income statement and statement of comprehensive income, changes in equity and cash flows for the three-month period then ended and the selected explanatory notes, that comprise the consolidated interim condensed financial information. Management is responsible for the preparation and presentation of this consolidated interim condensed financial information in accordance with International Financial Reporting Standards as they have been adopted by the European Union and applied to interim financial reporting (International Accounting Standard "IAS 34"). Our responsibility is to express a conclusion on this consolidated interim condensed financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim condensed financial information is not prepared, in all material respects, in accordance with IAS 34.

Emphasis of matter

Without qualifying our conclusion, we draw attention to the disclosures made in note 3 to the consolidated interim condensed financial information, which refer to the impact of the impairment losses resulting from the Greek sovereign debt restructuring on the Bank and Group's regulatory capital, the planned actions to restore the capital adequacy and the existing uncertainties that could adversely affect the going concern assumption until the completion of the recapitalisation process.

PricewaterhouseCoopers S.A.
268 Kifissias Avenue
152 32 Halandri
SOEL Reg. No. 113

Athens, 31 May 2013
THE CERTIFIED AUDITOR
Dimitris Sourbis
SOEL Reg. No. 16891

CONSOLIDATED INTERIM INCOME STATEMENT

	Note	Period from 1 January to 31 March 2013	Period from 1 January to 31 March 2012
Interest and similar income		763,648	694,831
Interest expense and similar charges		(449,128)	(459,606)
NET INTEREST INCOME		**314,520**	**235,224**
Fee and commission income		63,058	52,794
Fee and commission expense		(8,036)	(6,993)
NET FEE AND COMMISSION INCOME		**55,022**	**45,801**
Dividend income		118	85
Net trading income	6	40,203	97,331
Net income from financial instruments designated at fair value through profit or loss		4,555	2,015
Results from investment securities		6,146	(204)
Other operating income		11,163	14,093
Negative goodwill due to the acquisition of assets and liabilities of Cypriot banks' network in Greece	26	3,413,691	—
TOTAL NET INCOME		**3,845,419**	**394,346**
Staff costs		(148,624)	(84,550)
Administrative expenses		(87,726)	(65,061)
Depreciation and amortisation		(27,635)	(28,150)
Gains from sale of assets		301	38
TOTAL OPERATING EXPENSES BEFORE PROVISIONS		**(263,684)**	**(177,724)**
PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX		**3,581,735**	**216,622**
Impairment losses on loans, debt securities and other receivables	13	(505,107)	(294,435)
Impairment on investment securities		(432)	(312,850)
Other provisions and impairment		(724)	(254)
Share of profit of associates		1,823	(1,426)
PROFIT/(LOSS) BEFORE INCOME TAX		**3,077,296**	**(392,342)**
Income tax	8	537,438	436,087
PROFIT AFTER TAX FROM CONTINUING OPERATIONS		**3,614,733**	**43,745**
Profit after income tax from discontinued operations	7	12,175	1,233
PROFIT AFTER TAX FOR THE PERIOD		**3,626,908**	**44,978**
From continuing operations			
Profit for the period attributable to equity holders of the parent entity		3,616,661	45,838
Non controlling interest		(1,927)	(2,093)
From discontinued operations			
Profit for the period attributable to equity holders of the parent entity		12,175	1,215
Non controlling interest		(0)	19
Earnings per share attributable to equity holders of the parent entity (in euros):			
From continuing operations —Basic and Diluted	9	3.1635	0.0401
From discontinued operations —Basic and Diluted	9	0.0106	0.0011

The notes on pages F-8 to F-42 are an integral part of the consolidated interim condensed financial information.

CONSOLIDATED INTERIM STATEMENT OF TOTAL COMPREHENSIVE INCOME

	Note	Period from 1 January to 31 March 2013	Period from 1 January to 31 March 2012
CONTINUING OPERATIONS			
Profit after tax for the period (A)		**3,614,733**	**43,745**
Other comprehensive income, net of tax:			
Amounts that can be reclassified in the Income Statement			
Net change in available for sale reserve	10	(2,291)	41,418
Change in currency translation reserve	10	1,760	527
Amounts that cannot be reclassified in the Income Statement			
Change in acturial gain/(losses) at the defined benefit obligations		—	—
Other comprehensive income for the period, net of tax (B)	10	**(531)**	**41,945**
Total comprehensive income for the period, net of tax (A+B)		**3,614,202**	**85,690**
—Attributable to equity holders of the parent entity		3,616,144	87,846
—Non controlling interest		(1,941)	(2,156)
DISCONTINUED OPERATIONS			
Profit after tax for the period (C)		**12,175**	**1,233**
Amounts that can be reclassified in the Income Statement			
Net change in available for sale reserve	10	(22)	61
Change in currency translation reserve	10	30	(1,123)
Amounts that can not be reclassified in the Income Statement			
Change in acturial gain/(losses) at the defined benefit obligations		—	—
Other comprehensive income for the period, net of tax (D)	10	**8**	**(1,062)**
Total comprehensive income for the period, net of tax (C+D)		**12,183**	**171**
—Attributable to equity holders of the parent entity		12,184	190
—Non controlling interest		(1)	(19)

The notes on pages F-8 to F-42 are an integral part of the consolidated interim condensed financial information.

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	31 March 2013	31 December 2012
ASSETS			
Cash and balances with Central Banks	11	3,275,238	3,307,503
Loans and advances to credit institutions		477,620	380,384
Derivative financial instruments—assets		423,713	441,317
Trading securities	12	296,347	362,868
Financial instruments at fair value through profit or loss	12	12,356	7,833
Reverse repos with customers		36,396	35,924
Loans and advances to customers (net of provisions)	13	60,686,533	44,612,686
Debt securities—receivables	13	8,795,826	8,015,997
Investment securities			
—Available for sale securities	14	3,467,309	4,836,475
—Held to maturity	14	73,017	74,006
Investments in associated undertakings		306,011	301,696
Intangible assets		418,611	409,755
Property, plant and equipment		1,448,934	1,324,491
Investment property		1,106,020	1,078,513
Assets held for sale		18,529	15,537
Deferred tax assets	8	2,435,733	1,897,474
Inventories property		340,533	332,057
Other assets	16	1,953,760	2,596,810
Assets from discontinued operations	17	353,887	377,150
TOTAL ASSETS		**85,926,373**	**70,408,477**
LIABILITIES			
Due to credit institutions	18	28,105,296	32,561,322
Liabilities at fair value through profit or loss		604	21,953
Derivative financial instruments—liabilities		414,688	423,519
Due to customers	19	53,339,837	36,971,208
Debt securities in issue	20	504,131	533,702
Hybrid capital and other borrowed funds	21	322,449	324,141
Retirement benefit obligations		208,584	183,238
Other provisions		21,689	22,136
Current income tax liabilities		11,930	12,996
Deferred tax liabilities		39,826	37,215
Other liabilities		1,058,464	1,035,700
Liabilities from discontinued operations	17	598,144	605,654
TOTAL LIABILITIES		**84,625,643**	**72,732,784**
EQUITY			
Share capital	23	1,092,998	1,092,998
Share premium	23	2,953,356	2,953,356
Less: Treasury shares	23	(15)	(36)
Other reserves	24	(4,391)	(4,655)
Amounts recognized directly in equity relating to non-current assets from discontinued operations	24	9,310	9,301
Retained earnings	24	(2,877,104)	(6,503,766)
Capital and reserves attributable to equity holders of the parent entity		**1,174,154**	**(2,452,802)**
Non controlling interest		126,577	128,495
TOTAL EQUITY		**1,300,731**	**(2,324,307)**
TOTAL LIABILITIES AND EQUITY		**85,926,373**	**70,408,477**

The notes on pages F-8 to F-42 are an integral part of the consolidated interim condensed financial information.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to owners of the parent						
		Share Capital	Share Premium	Treasury shares	Other reserves	Retained earnings	Minority interests	TOTAL
Opening balance as at 1 January 2012		**1,092,998**	**2,953,355**	**(192)**	**(145,587)**	**(5,975,641)**	**135,230**	**(1,939,837)**
Impact from the retrospective application of I.A.S. 19 amendment	24					11,073	4	11,077
Restated opening balance as at 1 January 2012		**1,092,998**	**2,953,355**	**(192)**	**(145,587)**	**(5,964,568)**	**135,234**	**(1,928,760)**
Other comprehensive income for the period, net of tax	10				40,984		(101)	40,883
Results after tax for the period of 1/1/2012—31/3/2012	24					47,053	(2,074)	44,979
Total recognised income for the period of 1/1/2012—31/3/2012		**0**	**0**	**0**	**40,984**	**47,053**	**(2,175)**	**85,862**
Expenses on issue of preference shares	24					(23)		(23)
(Purchases)/sales of treasury shares	23, 24			15		137		152
Transfer between other reserves and retained earnings	24				1,793	(1,793)		0
Liquidation and movement in participating interest	24					(53)	(96)	(149)
Balance as at 31 March 2012		**1,092,998**	**2,953,355**	**(177)**	**(102,810)**	**(5,919,247)**	**132,962**	**(1,842,918)**
Opening balance as at 1 April 2012		**1,092,998**	**2,953,355**	**(177)**	**(102,810)**	**(5,919,247)**	**132,962**	**(1,842,918)**
Other comprehensive income for the period, net of tax					90,290		(26)	90,264
Results after tax for the period 1/4/2012—31/12/2012	24					(545,693)	(6,833)	(552,526)
Total recognised income for the period 1/4/2012—31/12/2012		**0**	**0**	**0**	**90,290**	**(545,693)**	**(6,859)**	**(462,262)**
Impact from I.A.S. 19 Amendment after income tax that recorded directly to Equity	24					(21,569)	(5)	(21,574)
Prior year dividends of ordinary shares							(250)	(250)
(Purchases)/sales of treasury shares	23, 24			141		78		220
Transfer between other reserves and retained earnings	24				17,634	(17,634)		0
Acquisitions, disposals, absorptions, liquidation and movement in participating interest	24				(467)	297	2,646	2,477
Balance as at 31 December 2012		**1,092,998**	**2,953,355**	**(36)**	**4,647**	**(6,503,766)**	**128,495**	**(2,324,307)**
Opening balance as at 1 January 2013		**1,092,998**	**2,953,355**	**(36)**	**4,647**	**(6,503,766)**	**128,495**	**(2,324,307)**
Other comprehensive income for the period, net of tax	10				(508)		(13)	(522)
Results after tax for the period 1/1/2013—31/3/2013	24					3,628,836	(1,927)	3,626,908
Total recognised income for the period 1/1/2013—31/3/2013		**0**	**0**	**0**	**(508)**	**3,628,836**	**(1,941)**	**3,626,387**
(Purchases)/sales of treasury shares	23, 24			21		23		44
Transfer between other reserves and retained earnings	24				781	(781)		0
Expenses on increase of share capital of subsidiary company	24					(1,449)	(14)	(1,462)
Acquisitions, liquidation and movement in participating interest	24					33	36	69
Balance as at 31 March 2013		**1,092,998**	**2,953,356**	**(15)**	**4,919**	**(2,877,104)**	**126,577**	**1,300,731**

The notes on pages F-8 to F-42 are an integral part of the consolidated interim condensed financial information.

CONSOLIDATED INTERIM CASH FLOW STATEMENT

	Note	Period from 1 January to 31 March 2013	Period from 1 January to 31 March 2012
Cash flows from operating activities from continuing operations			
Profit/(Loss) before tax		3,077,296	(392,342)
Adjustments to profit/(loss) before tax:			
Add: provisions and impairment		506,263	607,538
Add: depreciation and amortisation charge		27,635	28,150
Add: retirement benefits		3,932	5,101
(Gains)/losses from valuation of trading securities and financial instruments at fair value through profit or loss		(7,577)	72,676
(Gains)/losses from investing activities		(11,015)	3,149
Negative goodwill due to the acquisition of assets and liabilities of Cypriot banks' network in Greece		(3,413,691)	—
Cash flows from operating activities before changes in operating assets and liabilities		182,842	324,273
Changes in operating assets and liabilities:			
Net (increase)/decrease in cash and balances with Central Banks		41,528	163,585
Net (increase)/decrease in trading securities and financial instruments at fair value through profit or loss		87,186	(48,100)
Net (increase)/decrease in debt securities—receivables		(779,829)	35,212
Net (increase)/decrease in loans and advances to credit institutions		(4,849)	342
Net (increase)/decrease in loans and advances to customers		1,945,449	603,674
Net (increase)/decrease in reverse repos with customers		(471)	53,623
Net (increase)/decrease in other assets		448,778	(29,990)
Net increase/(decrease) in amounts due to credit institutions		(4,456,027)	(669,333)
Net increase/(decrease) in liabilities at fair value through profit or loss		(21,349)	(8,034)
Net increase/(decrease) in amounts due to customers		1,399,700	(1,187,963)
Net increase/(decrease) in other liabilities		(38,138)	(14,615)
Net cash flow from operating activities before income tax payment		(1,195,181)	(777,327)
Income tax paid		(947)	(3,532)
Net cash inflow/(outflow) from continuing operating activities		**(1,196,127)**	**(780,859)**
Cash flows from investing activities of continuing operations			
Purchases of property, plant and equipment		(40,936)	(30,874)
Sales of property, plant and equipment		5,587	5,165
Purchases of intangible assets		(4,611)	(5,754)
Purchases of held for sale assets		(3,293)	(1,503)
Sales of held for sale assets		534	507
Purchases of investment securities		(1,576,109)	(1,555,911)
Disposals/maturity of investment securities		2,953,185	2,188,722
Acquisition of subsidiaries (net of cash & cash equivalents acquired)		—	(111)
Sales of subsidiaries without cash and balances sold		888	—
Acquisition and participation in share capital increases of associates	27	(193)	(94)
Dividends received		116	67
Net cash inflow/(outflow) from continuing investing activities		**1,335,169**	**600,214**
Cash flows from financing activities of continuing operations			
Net proceeds from issue/(repayment) of debt securities and other borrowed funds		(37,281)	(449,979)
Prior year dividends paid		(7)	(6)
Purchases/sales of treasury shares and preemption rights		44	151
Other cash flows from financing activities		4,179	(476)
Net cash inflow/(outflow) from continuing financing activities		**(33,066)**	**(450,310)**
Effect of exchange rate changes on cash and cash equivalents		(13,203)	(3,314)
Net increase/(decrease) in cash and cash equivalents of the period from continuing activities (A)		**92,774**	**(634,269)**
Net cash flows from discontinued operating activities		(25,646)	(994)
Net cash flows from discontinued investing activities		25,832	1,320
Net cash flows from discontinued financing activities		—	(124)
Net incease/(decrease) in cash and cash equivalents of the period from discontinued activities (B)		**187**	**202**
Cash and cash equivalents at the beginning of the period (C)		**2,473,084**	**2,681,134**
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)		**2,577,740**	**2,047,066**

The notes on pages F-8 to F-42 are an integral part of the consolidated interim condensed financial information.

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 societés 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 United Kingdom. The Group employs in total 23,850 people of which 276 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 (Banks, Large Cap), FTSE/ATHEX-CSE Banking Index, FTSE (Greece Small Cap, RAFI All World 3000 & Developed Mid Small, Med 100), MSCI (World Small Cap, Europe Small Cap, Greece Small Cap), Euro Stoxx (All Europe, TMI) and S&P (Global BMI, Europe Developed BMI).

2. General accounting policies, critical accounting estimates and judgements of the Group

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 2012 have been followed.

The following amendments have been issued by the International Accounting Standards Board and are effective from 1.1.2013.

- **IAS 12 (Amendment), "Income Taxes" (effective for annual periods beginning on or after 1 January 2013).** Amendments to IAS 12 were issued to provide guidance namely to the measurement of deferred tax on: a) investment property measured at fair value and b) property, plant and equipment measured using the revaluation model in IAS 16. In both cases, deferred tax is required to be measured using the rebuttable presumption that the carrying amount of the underlying asset will be recovered through sale.
- **IAS 19 (Amendment), "Employee Benefits" (effective for annual periods beginning on or after 1 January 2013).** The amendment removes the corridor mechanism and the concept of expected returns on plan assets. Actuarial gains and losses will be recognized in other comprehensive income as they occur. Plan assets will produce a credit to income based on corporate bond yields irrespective of the actual composition of assets held. The application of the revised IAS 19 is retrospective and the impact from its adoption is presented in note 28.
- **IAS 1 (Amendment), "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 July 2012).** The amendment requires entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. If the items are presented before tax, then the tax related to the two groups of other comprehensive income items (those that might be reclassified and those that will not be reclassified) must be shown separately. The adoption of the aforementioned amendment led to changes only in the presentation of the Consolidated Statement of Total Comprehensive Income.
- **IFRS 13, "Fair Value Measurement" (effective for annual periods beginning on or after 1 January 2013).** IFRS 13 defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. During the 1st quarter of 2013, neither significant transfers of financial assets and liabilities from/to level 3, nor material changes in the fair value of financial assets and liabilities of level 3 took place. Therefore, the relevant disclosures of IFRS 13 "Fair value measurement" are not presented in the consolidated interim condensed financial information.

2. General accounting policies, critical accounting estimates and judgements of the Group (Continued)

– **IFRIC Interpretation 20, "Stripping Costs in the Production Phase of a Surface Mine" (effective for annual periods beginning on or after 1 January 2013).** This interpretation provides guidance for the accounting of waste removal costs that are incurred in surface mining activity during the production phase of a mine ("production stripping costs").

– **IFRS 7 (Amendment), "Financial Instruments: Disclosures—Offsetting Financial Assets and Financial Liabilities" (effective for annual periods beginning on or after 1 January 2013).** Amendments to IFRS 7 were issued in December 2011 to require additional disclosures that will enable users of financial statements to evaluate the effect of netting arrangements.

– **IFRS 1 (Amendments), "Government Loans" (effective for annual periods beginning on or after 1 January 2013).** The amendment issued in March 2012, adds an exception to the retrospective application of IFRSs to require that first-time adopters apply the requirements in IFRS 9 and IAS 20 prospectively to government loans existing at the date of transition to IFRSs. Earlier application is permitted.

Improvements to IFRSs (May 2012)

– **IFRS 1 (Amendment), "First Time Adoption of International Financial Reporting Standards" (effective for annual periods beginning on or after 1 January 2013).** The amendment clarifies the accounting for re-application of IFRS for entities that have stopped applying IFRS in the past and choose or are required to apply IFRS again.

– **IAS 1 (Amendment), "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 January 2013).** The amendment requires notes to the financial statements when additional comparative periods are voluntarily presented.

– **IAS 16 (Amendment), "Property, Plant and Equipment" (effective for annual periods beginning on or after 1 January 2013).** The amendment provides guidance for the classification of major spare parts and servicing equipment as property, plant and equipment.

– **IAS 32 (Amendment), "Financial Instruments: Presentation" (effective for annual periods beginning on or after 1 January 2013).** The amendment clarifies that taxes arising from distributions to holders of equity instruments are accounted for in accordance with IAS 12 "Income Taxes".

– **IAS 34 (Amendment), "Interim Financial Reporting" (effective for annual periods beginning on or after 1 January 2013).** The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities to enhance consistency with IFRS 8 "Operating Segments" and to ensure that interim disclosures are aligned with annual disclosures.

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

The Group's accounting estimates and judgements affect the reported amounts of 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 and they are the same with those accounting estimates and judgements adopted and described in the annual consolidated financial statements for the year ended 31 December 2012.

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

2. General accounting policies, critical accounting estimates and judgements of the Group (Continued)

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

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

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 exists 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. The assessment of the decline in fair value as significant or prolonged requires judgement. Judgement is also 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.

b.4. Securitisations and special purpose entities

The Group sponsors the formation of special purpose financing entities (SPEs) for various purposes including asset securitisation. The Group does not consolidate SPEs that it does not control. As it can sometimes be difficult to determine whether the Group does control an SPE, it makes judgements about its exposure to the risks and rewards, as well as about its ability to make operational decisions for the SPE in question. In many instances, elements may indicate control or lack of control over an SPE when considered in isolation, but when considered together make it difficult to reach a clear conclusion. In such cases, the SPE is consolidated.

b.5. Held to maturity investments

The Group follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than for specific circumstances—for example, selling an insignificant amount close to maturity—it will be required to reclassify the entire class to the available for sale portfolio. The investments would therefore be remeasured at fair value.

b.6. Investment property

Investment property is carried at fair value, as this is estimated by an independent valuer. 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.

2. General accounting policies, critical accounting estimates and judgements of the Group (Continued)

b.7. Income taxes

The Group is subject to income taxes in the countries in which it operates. This requires estimates in determining the provision for income taxes and therefore the final income tax determination is uncertain during the fiscal year. Where the final income tax expense is different from the amounts initially recorded, differences will impact the income tax and deferred tax assets/liabilities in the period in which the tax computation is finalised.

Especially, for the recognition of deferred tax asset, Management considers the best estimates for the future evolution of the Group's tax profits in the visible future, in combination with the nature of the losses and their recoverability based on the Greek Tax Law in force, at the end of the closing year.

b.8. 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 business's net assets.

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 2012.

Consolidated interim condensed financial information attached, is expressed in thousand euros (unless otherwise stated) and roundings are performed in the nearest thousand. It shall be noted that, the figures for the first quarter of 2013 are not comparable with the corresponding figures for the first quarter of 2012, as Piraeus Bank Group, a) in the second half of 2012 acquired selected assets and liabilities of former ATEbank S.A. and some of its subsidiaries, as well as Geniki Bank Group S.A. and b) during the first quarter of 2013, acquired the banking operations in Greece of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank. Namely to the profit or loss for the first quarter of 2013, the aforementioned acquisitions mainly affected net interest income and staff costs.

The Group has incurred substantial impairment losses as a result of the Hellenic Republic's debt restructuring ("PSI"). Such losses had a respective impact on the accounting and regulatory capital of the Group as at 31 December 2012.

The Hellenic Financial Stability Fund's (HFSF) commitment of 20 April 2012, after the relevant application submitted by the Bank, for its participation in the planned share capital increase, began to be implemented on 28 May 2012 in the form of an advance that took place through the transfer of EFSF bonds from the HFSF of total nominal value € 4.7 billion. Furthermore, on December 21st 2012, the HFSF provided an additional Capital Advance of € 1.6 billion and a Commitment Letter of € 1.1 billion for its participation in the recapitalisation program of Piraeus Bank (Share Capital Increase and Convertible Bonds). Hence, the total Capital Advances and the Commitment Letter that HFSF has provided to Piraeus Bank amount to € 7.3 billion, which corresponds to the Bank's total capital needs, as they were defined by the Bank of Greece. In addition, Piraeus Bank has been provided by HFSF a Capital Advance of € 0.6 billion for the strengthening of its capital position, relating to the acquisition of selected assets and liabilities of former ATEbank S.A., and a Commitment Letter of € 0.5 billion for its capital needs that resulted from the acquisition of the Greek banking operations of the aforementioned Cypriot banks.

3. Basis of preparation of the consolidated interim condensed financial information (Continued)

Piraeus Bank Group is affected by the ongoing economic variability and the increased volatility of the global financial markets and is exposed to risks that could potentially arise in other financial institutions, mainly due to the debt crisis in peripheral Eurozone countries.

The economic situation in Greece, though improving fiscally, still remains the main risk factor for the Greek banking sector in general. Negative developments in this area may significantly affect the Bank's liquidity, the quality of its loan portfolio, its profitability, and ultimately, its capital adequacy.

Greece's public debt sustainability consists an additional risk factor for the Greek banking system, while the Eurogroup's decisions of December 2012 aimed at significantly reducing it. Moreover, the country's economic adjustment programme continues to entail a significant execution risk. At the same time, both the risks of a deceleration in the global economic growth and of the debt crisis in other peripheral European economies are also added to the external factors of uncertainty.

Despite the uncertainties and the risks existing in the Greek banking system, the following factors provide support to the economy and the Greek banking sector and shall therefore be taken into consideration:

- The participation of the HFSF and the Bank of Greece in the recapitalisation program and in the restructuring of the Greek banking sector.
- The availability of additional capital, in case this is required for the further recapitalisation of the Greek banks and for the reorganization of the banking sector (the total amount of capital to be provided to the EFSF for the support of the Greek banking system is € 50 billion).
- The financial support mechanism from the International Monetary Fund as well as from the European Union.
- The capability to raise liquidity through the Eurosystem.
- The intention of Greek Authorities to strengthen the greek economy.
- The strengthening of the Group's position in the banking sector and the enhancement of its funding access, through the acquisition of selected assets and liabilities of ATEbank, the acquisition of Geniki Bank and the acquisition of the Greek operations of Cypriot banks in Greece.

Taking into consideration the above factors, Piraeus Bank's Management estimates that: a) the recapitalisation process will be successfully completed during the second quarter of 2013 and b) 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. Credit Risk of Loans and Advances

The Group selected to disclose the credit risk exposure for loans and advances to customers due to the acquisition of the Greek operations of the three Cypriot banks and specifically, due to the acquisition of the loans and advances to customers at their fair values. The Group has not changed its risk management policies during the 1st quarter of 2013.

4. Credit Risk of Loans and Advances (Continued)

Loans and advances to customers and to credit institutions, as long as debt securities—receivables, are summarised as follows:

	31 March 2013			31 December 2012		
	Loans and advances to customers	Loans and advances to credit institutions	Reverse repos with customers	Loans and advances to customers	Loans and advances to credit institutions	Reverse repos with customers
Loans neither past due or impaired	31,059,048	477,620	36,396	26,956,387	380,384	35,924
Past due but not impaired	22,867,453	—	—	12,767,537	—	—
Impaired	17,941,623	—	—	10,849,385	—	—
Gross	**71,868,124**	**477,620**	**36,396**	**50,573,309**	**380,384**	**35,924**
Less: Allowance for impairment for loan and advances	(4,226,722)	—	—	(3,832,964)	—	—
Less: Adjustments of opening balances at acquisition date	(6,954,868)	—	—	(2,127,659)	—	—
Net	**60,686,534**	**477,620**	**36,396**	**44,612,686**	**380,384**	**35,924**
Debt securities—receivables	8,819,672	—	—	8,039,843	—	—
Less: Allowance for impairment for debt securities—receivables	(23,846)	—	—	(23,846)	—	—
Net	**8,795,826**	**0**	**0**	**8,015,997**	**0**	**0**

"Adjustment for opening balances at acquisition date" relates mainly to allowance for impairment for loans of companies of former ATEbank, Geniki Bank Group and acquisition of the Greek banking operations of Cypriot Banks (Bank of Cyprus, Popular Bank of Greece, Hellenic Bank). The aforementioned allowance for impairment has been included in the adjustment of loans and advances to customers to fair value according to the provisions of IFRS 3. It is noted that in note 13 'Loans and advances to customers and debt securities—receivables' the adjustment has decreased the balance of loans and advances to customers before provisions and it is not included in the allowance for impairment on loans and advances to customers. However for purposes of monitoring credit risk and for disclosure purposes according to IFRS 7, the aforementioned adjustment does not affect the balances of loans and advances before provisions, as the Group has not stopped monitoring the adjustment as part of the provisions.

An analysis of the adjustment at the acquisition date per category of loans is provided below:

	31 March 2013	31 December 2012
Loans and advances to customers	**(1,681,268)**	**(704,610)**
Mortgages	(344,418)	(242,059)
Consumer/personal loans	(1,024,095)	(275,559)
Credit cards	(312,755)	(186,991)
Corporate loans	**(5,273,600)**	**(1,423,049)**
Total adjustment	**(6,954,868)**	**(2,127,659)**

4. Credit Risk of Loans and Advances (Continued)

a) Loans neither past due or impaired:

Loans and advances to customers

31 March 2013

Grades	Loans to individuals			Loans to corporate entities	Total loans and advances to customers
	Credit cards	Consumer/ personal loans	Mortgages		
Standard monitoring	681,980	2,181,649	9,681,947	12,413,104	24,958,679
Special monitoring	—	—	—	6,100,369	6,100,369
Total	**681,980**	**2,181,649**	**9,681,947**	**18,513,473**	**31,059,048**

31 December 2012

Grades	Loans to individuals			Loans to corporate entities	Total loans and advances to customers
	Credit cards	Consumer/ personal loans	Mortgages		
Standard monitoring	582,527	1,973,919	8,162,269	11,326,193	22,044,909
Special monitoring	—	—	—	4,911,478	4,911,478
Total	**582,527**	**1,973,919**	**8,162,269**	**16,237,671**	**26,956,387**

Loans and advances to credit institutions

Grades	31 March 2013	31 December 2012
Investment grade	102,934	27,615
Standard monitoring	304,435	350,215
Special monitoring	70,251	2,554
Total	**477,620**	**380,384**

Reverse repos with customers

Grades	31 March 2013	31 December 2012
Standard monitoring	36,396	35,924
Total	**36,396**	**35,924**

4. Credit Risk of Loans and Advances (Continued)

b) Loans and advances past due but not impaired:

31 March 2013

	Loans to individuals				
	Credit cards	Consumer/ personal loans	Mortgages	Loans to corporate entities	Total loans and advances to customers
Past due 1–90 days	155,668	1,166,995	3,666,596	9,374,597	14,363,856
Past due 91–180 days	38,694	224,142	661,752	1,463,819	2,388,407
Past due > 180 days	—	—	1,396,140	4,719,051	6,115,190
Total	**194,361**	**1,391,137**	**5,724,488**	**15,557,466**	**22,867,453**
Fair value of collateral	277	329,541	5,056,153	7,803,721	13,189,692

The fair value of physical collaterals reflects the liquidation value of these collaterals, after the application of the haircuts provided in the Group credit policy.

In the case of the mortgage loans of the Bank, it should be noted that the reported fair value of collateral takes into account only properties on which the Bank holds a first line mortgage. In cases that the property value exceeds the remaining balance of the loan the reported fair value of collateral takes into account the property value up to the amount of the remaining balance of the loan.

31 December 2012

	Loans to individuals				
	Credit cards	Consumer/ personal loans	Mortgages	Loans to corporate entities	Total loans and advances to customers
Past due 1–90 days	111,909	671,810	2,250,900	5,408,221	8,442,841
Past due 91–180 days	35,885	138,968	501,909	593,336	1,270,098
Past due > 180 days	—	—	846,795	2,207,804	3,054,599
Total	**147,794**	**810,778**	**3,599,604**	**8,209,361**	**12,767,537**
Fair value of collateral	64	221,521	3,324,745	4,376,616	**7,922,946**

c) Loans and advances impaired:

31 March 2013

	Loans to individuals				
	Credit cards	Consumer/ personal loans	Mortgages	Loans to corporate entities	Total loans and advances to customers
Impaired loans	652,436	2,335,897	1,361,072	13,592,218	**17,941,623**
Fair value of collateral	143	200,032	960,376	4,377,851	**5,538,402**

31 December 2012

	Loans to individuals				
	Credit cards	Consumer/ personal loans	Mortgages	Loans to corporate entities	Total loans and advances to customers
Impaired loans	477,665	1,287,919	951,583	8,132,218	**10,849,385**
Fair value of collateral	120	123,096	740,507	3,192,402	**4,056,124**

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, advisory and stock exchange services, underwriting services and public listings, 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—Includes other facilities of the Bank and its subsidiaries that are not included in the above segments (Bank's administration, real estate activities, IT activities etc.).

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

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

1/1-31/3/2013	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Eliminations	Group	Group (Continuing operations)	Discontinued operations
Net interest income	237,194	93,232	(25)	27,176	(49,290)	6,692	**314,979**	314,520	459
Net fee and commision income	41,803	8,832	561	1,271	5,586	(3,043)	**55,010**	55,022	(11)
Net revenues	296,283	111,882	613	70,558	3,395,200	(11,514)	**3,863,023**	3,845,419	17,603
Segment results	(417,394)	41,053	(1,546)	63,561	3,400,554	—	**3,086,229**	3,075,472	10,757
Share of results of associates							**1,823**	1,823	0
Results before tax							**3,088,053**	**3,077,296**	**10,757**
Income tax							**538,856**	537,438	1,418
Results after tax							**3,626,908**	**3,614,733**	**12,175**
Other segment items									
Capital expenditure	28,716	1,945	38	217	14,947	—	**45,863**	45,547	315
Depreciation and amortisation	14,125	2,190	92	321	11,362	—	**28,091**	27,635	456
Provisions and impairment	446,259	50,895	—	—	9,109	—	**506,263**	506,263	0

At 31 March 2013	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Eliminations	Group	Group (Continuing operations)	Discontinued operations
Segment assets	45,466,381	16,976,728	76,238	15,790,311	7,616,715	—	**85,926,373**	85,572,486	353,887
Segment liabilities	48,324,158	4,007,383	380,295	29,688,427	2,225,380	—	**84,625,643**	84,027,499	598,144

5. Business segments (Continued)

1/1-31/3/2012	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Eliminations	Group	Group (Continuing operations)	Discontinued operations
Net interest income	208,532	68,390	(335)	10,282	(46,310)	426	**240,985**	235,224	5,761
Net fee and commision income	33,929	6,800	771	1,292	4,103	(837)	**46,058**	45,801	257
Net revenues	258,709	77,549	1,821	8,614	67,798	(13,963)	**400,528**	394,346	6,183
Segment results	(85,830)	20,416	(1,071)	(302,922)	(19,612)	—	**(389,019)**	(390,916)	1,897
Share of results of associates							**(1,426)**	(1,426)	0
Results before tax							**(390,445)**	**(392,342)**	**1,897**
Income tax							**435,423**	436,087	(664)
Results after tax							**44,978**	**43,745**	**1,233**
Other segment items									
Capital expenditure	20,360	1,626	73	551	14,302	—	**36,912**	**36,628**	**284**
Depreciation and amortisation	14,424	2,630	152	246	11,081	—	**28,533**	28,150	383
Provisions and impairment	249,747	43,363	5	306,850	7,573	—	**607,538**	607,538	0

At 31 December 2012	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Eliminations	Group	Group (Continuing operations)	Discontinued operations
Segment assets	37,310,303	9,235,262	78,497	16,912,222	6,872,193	—	**70,408,477**	70,031,327	377,150
Segment liabilities	32,924,871	2,656,822	366,317	33,612,463	3,172,311	—	**72,732,784**	72,127,130	605,654

Negative goodwill due to the acquisition of the Greek banking operations of the three Cypriot banks is included in lines "Net Income" and "Segment Results". Regarding profit before tax of other business segments, there is no sector that contributes more than 10%.

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 trading income

Net trading income amounts to € 40.2 million gain for the period 1/1-31/3/2013, arising mainly from foreign exchange gains, compared to profit of € 97.3 million for the period 1/1-31/3/2012, mainly due to the profit of € 83.7 million from the buyback of hybrid capital (Tier 1) and subordinated debt (Lower Tier 2) of the Bank.

7. Profit/(Loss) after income tax from discontinued operations

The period 1/1-31/3/2013 includes the results of ATE Insurance S.A. and ATE Insurance Romania S.A., for which the sale process is in progress. The period of 1/1-31/3/2012 includes the results of Marathon Banking Corporation that was tranfered already in 2012.

	1/1-31/3/2013	1/1-31/3/2012
Net interest income	459	5,761
Net fee and commission income	(11)	257
Dividend Income	—	30
Net trading income	590	—
Other operating income	16,566	135
Total net income	**17,603**	**6,183**
Staff costs	(4,215)	(2,248)
Administrative expenses	(2,179)	(1,654)
Depreciation and amortization	(456)	(383)
Profit from sale of assets	3	—
Total operating expenses	**(6,846)**	**(4,285)**
Profit before income tax	**10,757**	**1,897**
Income tax	1,418	(664)
Profit after income tax from discontinued operations	**12,175**	**1,233**

8. Income tax

	1/1-31/3/2013	1/1-31/3/2012
Current Tax	(3,028)	(4,029)
Deferred tax	540,466	440,596
Provisions for tax differences	—	(480)
	537,438	**436,087**

By virtue of law 3943/2011 (Government Gazette A' 66/31.3.2011), the corporate income tax rate of legal entities in Greece for the periods starting from 1/1/2011 and thereon, is 20% and the withholding tax rate imposed on distributed profits of legal entities is 25%.

In accordance with the regulations of the Law 4110/23.1.2013, concerning the fiscal years beginning on or after 1/1/2013, the income tax rate for Greek legal entities increased (from 20% to 26%) whereas the tax rate for dividends distribution decreased (from 25% to 10%) for profits distribution which will be approved from 01/01/2014 and thereon. The above change of the tax rate had a positive effect on the current quarter due to deferred tax of € 0.5 billion approximately, Affecting respectively line "Deferred Tax Assets" that amounted to € 2,435,733 thousand as at 31/3/2013.

For the subsidiaries operating abroad, the tax has been calculated according to the respective nominal tax rates that were imposed in the years of 2012 and 2013 (Bulgaria: 10%, Romania: 16%, Egypt: 20%, Serbia: 15% for 2013 and 10% for 2012, Ukraine: 19% for 2013 and 21% for 2012, Cyprus: 10%, Albania: 10% and United Kingdom: 23% from 01/04/2013 and 24% for 2012 until 31/03/2013).

The deferred tax is mainly due to tax losses of previous years as well as to the participation of the Piraeus Bank Group in the PSI program in the year 2012. The Bank has recognized deferred tax for the total amount of its tax losses, based on the best estimates of the Management for the future evolution of the Bank's tax results which were based on the restructuring plan.

Also, It shall be noted that in accordance with the regulations of the Law 4110/23.1.2013, the losses of legal entities, arising from the exchange of Greek Government bonds or corporate bonds

8. Income tax (Continued)

guaranteed by the Hellenic Republic, under application of the program for participation in the restructuring of Greek debt, are deductible from gross income in 30 equal annual installments commencing from the year that exchange of securities took place.

Piraeus Bank has been audited by the tax authorities and all the unaudited fiscal years until 2009 have been finalized. The unaudited tax years of the subsidiaries and associates are included in note 15. In respect of the unaudited tax years, a relevant provision has been raised according to International Financial Reporting Standards (IFRS).

In accordance with the article 82 of Law 2238/94, for the year 2011 and thereafter, the statutory auditors and audit firms conducting statutory audits to a Greek Societe Anonyme (AE), are obliged to issue an Annual Tax Certificate on the implementation of tax provisions on tax issues. On condition that the "Tax Compliance Report" is unqualified and that no tax offences have been identified, the financial year is considered closed for tax purposes 18 months after the issue date of the "Tax Compliance Report".

For the year 2011, the tax audit of the Bank and the subsidiaries and associates of the Piraeus Bank Group conducted by the statutory auditors has been completed and a non qualified Tax Compliance Report has been issued. For the year 2012 the tax audit of the Group is in progress and no material findings are expected.

9. Earnings per share

Basic earnings per share is calculated by dividing the net profit 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 per share.

Basic and diluted earnings per share from continuing operations	**1/1-31/3/2013**	**1/1-31/3/2012**
Net profit attributable to ordinary shareholders of the parent entity from continuing activities	3,616,661	45,838
Weighted average number of ordinary shares in issue	1,143,251,755	1,142,913,883
Basic and diluted earnings per share (in euros) from continuing operations	3.1635	0.0401

Basic and diluted earnings per share from discontinued operations	**1/1-31/3/2013**	**1/1-31/3/2012**
Net profit attributable to ordinary shareholders of the parent entity from discontinued operations	12,175	1,215
Weighted average number of ordinary shares in issue	1,143,251,755	1,142,913,883
Basic and diluted earnings per share (in euros) from discontinued operations	0.0106	0.0011

10. Analysis of other comprehensive income

A. Continuing operations

1/1-31/3/2013	Before-Tax amount	Tax	Net-of-Tax amount
Amounts that can be reclassified in the Income Statement			
Net change in available for sale reserve	3,054	(5,345)	(2,291)
Change in currency translation reserve	1,760	—	1,760
Amounts that can not be reclassified in the Income Statement			
Change in acturial gain/(losses) at the defined benefit obligations	—	—	0
Other comprehensive income from continuing operations	**4,814**	**(5,345)**	**(531)**
1/1-31/3/2012			
Amounts that can be reclassified in the Income Statement			
Net change in available for sale reserve	51,539	(10,121)	41,418
Change in currency translation reserve	527	—	527
Amounts that can not be reclassified in the Income Statement			
Change in acturial gain/(losses) at the defined benefit obligations	—	—	0
Other comprehensive income from continuing operations	**52,066**	**(10,121)**	**41,945**

B. Discontinued operations

1/1-31/3/2013	Before-Tax amount	Tax	Net-of-Tax amount
Amounts that can be reclassified in the Income Statement			
Net change in available for sale reserve	(22)	—	(22)
Change in currency translation reserve	30	—	30
Amounts that can not be reclassified in the Income Statement			
Change in acturial gain/(losses) at the defined benefit obligations	—	—	0
Other comprehensive income from discontinued operations	**8**	**0**	**8**
1/1-31/3/2012			
Amounts that can be reclassified in the Income Statement			
Net change in available for sale reserve	57	4	61
Change in currency translation reserve	(1,123)	—	(1,123)
Amounts that can not be reclassified in the Income Statement			
Change in acturial gain/(losses) at the defined benefit obligations	—	—	0
Other comprehensive income from discontinued operations	**(1,066)**	**4**	**(1,062)**

11. Cash and balances with Central Banks

	31 March 2013	31 December 2012
Cash in hand	885,967	779,859
Nostros and sight accounts with other banks	359,838	481,423
Balances with Central banks	785,536	725,588
Cheques clearing system—Central Banks	67,791	103,000
Blocked Deposits	744,937	769,779
Mandatory reserves with Central Banks	431,168	447,854
	3,275,238	**3,307,503**

11. Cash and balances with Central Banks (Continued)

Mandatory reserves with the Central Banks and blocked deposits are not available for everyday use by the Group.

12. Financial assets at fair value through profit or loss

	31 March 2013	31 December 2012
Trading securities		
Greek government bonds	15,800	5,416
Foreign government bonds	255,682	323,683
Corporate entities bonds	—	95
Bank bonds	—	56
Greek government treasury bills	15,951	21,318
Total	**287,434**	**350,569**
Athens stock exchange listed shares	8,373	11,628
Foreign stock exchanges listed shares	6	6
Mutual funds	533	666
Total	**8,913**	**12,299**
Total trading securities	**296,347**	**362,868**
Other financial instruments at fair value through profit or loss	**12,356**	**7,833**

13. Loans and advances to customers and debt securities—receivables

	31 March 2013	31 December 2012
A) Loans and advances to customers		
Mortgages	16,423,089	12,471,397
Consumer/personal and other loans	4,884,588	3,797,057
Credit cards	1,216,021	1,020,994
Loans to individuals	**22,523,698**	**17,289,448**
Loans to corporate entities	**42,389,557**	**31,156,201**
Total loans and advances to customers	**64,913,255**	**48,445,650**
Less: Allowance for impairment on loans and advances to customers	(4,226,722)	(3,832,964)
Total loans and advances to customers	**60,686,533**	**44,612,686**

Please note that the amounts of loans have been amended by fair value adjustment, in the context of the purchase price allocation exercise of the operations acquired. The relevant adjustments incurred as at acquisition date are presented in note 4.

13. Loans and advances to customers and debt securities—receivables (Continued)

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

	Credit cards	Consumer/ personal loans	Mortgages	Total of loans to individuals	Loans to corporate entities/ Public sector	Total
Opening balance at 1/1/2012	**153,232**	**579,989**	**126,034**	**859,256**	**2,193,144**	**3,052,399**
Opening balance for Egypt companies (discontinued operations for the year 2011)	4,674	13,185	13	**17,872**	70,193	**88,065**
Charge for the period	**875**	**52,219**	**16,908**	**70,002**	209,974	**279,977**
From continuing operations	875	52,219	16,908	70,002	209,974	279,977
Loans written-off	**(3,598)**	**(9,788)**	**(8,195)**	**(21,581)**	**(553,450)**	**(575,031)**
From continuing operations	(3,598)	(9,788)	(8,195)	(21,581)	(553,450)	(575,031)
Foreign exchange differences	**(265)**	**(762)**	**(264)**	**(1,291)**	**(7,771)**	**(9,061)**
From continuing operations	(265)	(762)	(251)	(1,278)	(7,787)	(9,065)
From discontinued operations	—	—	(13)	(13)	16	3
Closing balance for Egypt companies (discontinued operations for the first quarter of 2012)	(4,437)	(12,052)	(11)	**(16,500)**	(68,819)	**(85,320)**
Closing balance at 31/3/2012	**150,480**	**622,791**	**134,486**	**907,757**	**1,843,271**	**2,751,029**
Opening balance at 1/4/2012	**150,480**	**622,791**	**134,486**	**907,757**	**1,843,271**	**2,751,029**
Opening balance for Egypt companies	4,437	12,052	11	**16,500**	68,819	**85,320**
Opening balance for discontinued operations	—	(9)	(525)	**(534)**	(6,619)	**(7,153)**
Charge for the period from continuing operations	45,463	180,819	56,664	**282,946**	1,393,947	**1,676,893**
Writte offs of loans from continuing operations	(9,400)	(23,829)	(747)	**(33,976)**	(627,332)	**(661,308)**
Foreign exchange differences from continuing operations	(184)	(2,028)	279	**(1,933)**	452	**(1,481)**
Other movements of continuing operations	—	—	—	**0**	(10,335)	**(10,335)**
Closing balance at 31/12/2012	**190,796**	**789,796**	**190,168**	**1,170,760**	**2,662,203**	**3,832,964**
Opening balance at 1/1/2013	**190,796**	**789,796**	**190,168**	**1,170,760**	**2,662,203**	**3,832,964**
Charge for the period from continuing operations	2,143	74,000	36,145	112,288	384,201	**496,489**
Writte offs of loans from continuing operations	(5,811)	(23,081)	(3,270)	(32,162)	(73,022)	**(105,183)**
Foreign exchange differences from continuing operations	(127)	(383)	131	(379)	2,832	**2,452**
Closing balance at 31/3/2013	**187,000**	**840,331**	**223,175**	**1,250,506**	**2,976,214**	**4,226,722**

"Impairment losses on loans, debt securities and other receivables" in the Income Statement for the period 1/1-31/3/2013 includes an amount of € 5.7 million that relates to impairment losses on other

13. Loans and advances to customers and debt securities—receivables (Continued)

receivables and an amount of € 2.9 million that relates to loans written-off directly in the income statement.

	31 March 2013	31 December 2012
B) Debt securities—receivables		
Corporate debt securities—receivables	4,764	4,740
Bank debt securities—receivables	23,846	23,846
Greek government bonds debt securities—receivables	1,429,078	1,415,002
Foreign government bonds debt securities—receivables	7,361,984	6,596,255
	8,819,672	**8,039,843**
Total Debt securities—receivables		
Less: Allowance for impairment on debt securities—receivables	**(23,846)**	**(23,846)**
Debt securities—receivables (less allowances for losses)	**8,795,826**	**8,015,997**

Debt securities—receivables as at 31/3/2013 include Greek Government Bonds of nominal value € 1,457 million, which were issued according to the requirements of Law 3723/2008 "Enhancement of the Greek economy's liquidity". From these, debt securities with nominal value of € 782 million were transferred to Piraeus Bank in order to cover the issuance of Piraeus Bank's preference shares to the Greek State of amount € 370 million in 2009 and € 380 million in 2011. Additionally, securities of € 675 million face value were acquired by the Bank in the context of the transfer of selected assets and liabilities of former ATEbank. The book value of the aforementioned securities amounted to € 1,429 million as at 31/03/2013.

Foreign government bonds refer to EFSF Bonds which the Bank received under the transfer agreement of selected assets and liabilities of ex ATEbank.

14. Investment securities

	31 March 2013	31 December 2012
Available for sale securities		
Bonds and other fixed income securities		
Greek government bonds	100,928	70,544
Foreign government bonds and EFSF bonds	801,721	826,495
Corporate entities bonds	149,197	339,503
Bank bonds	95,796	96,963
Greek government treasury bills	1,719,496	2,871,679
Foreign government treasury bills	114,531	134,555
Total (A)	**2,981,668**	**4,339,739**
Shares and other variable income securities		
Athens stock exchange listed shares	135,895	150,429
Foreign stock exchanges listed shares	25,506	26,008
Unlisted shares	237,633	237,942
Mutual funds	52,600	52,593
Other variable income securities	34,006	29,763
Total (B)	**485,641**	**496,736**
Total available for sale securities (A)+(B)	**3,467,309**	**4,836,475**

14. Investment securities (Continued)

	31 March 2013	31 December 2012
Held to maturity		
Foreign government bonds	67,261	66,505
Corporate entities bonds	5,756	7,501
Total held to maturity	**73,017**	**74,006**

15. 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	98.48%	Albania	2012
2.	Piraeus Bank Romania S.A.	Banking activities	100.00%	Romania	2007-2012
3.	Piraeus Bank Beograd A.D.	Banking activities	100.00%	Serbia	2006-2012
4.	Piraeus Bank Bulgaria A.D.	Banking activities	99.98%	Bulgaria	2010-2012
5.	Piraeus Bank Egypt S.A.E.	Banking activities	98.30%	Egypt	2003-2012
6.	JSC Piraeus Bank ICB	Banking activities	99.99%	Ukraine	2011-2012
7.	Piraeus Bank Cyprus LTD	Banking activities	100.00%	Cyprus	2007-2012
8.	Piraeus Asset Management Europe S.A.	Mutual funds management	100.00%	Luxemburg	—
9.	Piraeus Leasing Romania S.R.L.	Finance leases	100.00%	Romania	2003-2012
10.	Piraeus Insurance and Reinsurance Brokerage S.A.	Insurance and reinsurance brokerage	100.00%	Greece	2010-2012
11.	Tirana Leasing S.A.	Finance leases	100.00%	Albania	2012
12.	Piraeus Securities S.A.	Stock exchange operations	100.00%	Greece	2010-2012
13.	Piraeus Group Capital LTD	Debt securities issue	100.00%	United Kingdom	—
14.	Piraeus Leasing Bulgaria EAD	Finance leases	100.00%	Bulgaria	2008-2012
15.	Piraeus Group Finance P.L.C.	Debt securities issue	100.00%	United Kingdom	2011-2012
16.	Piraeus Factoring S.A.	Corporate factoring	100.00%	Greece	2010-2012
17.	Picar S.A.	City Link areas management	100.00%	Greece	2010-2012
18.	Bulfina S.A.	Property management	100.00%	Bulgaria	2008-2012
19.	General Construction and Development Co. S.A.	Property development/holding company	66.67%	Greece	2010-2012
20.	Pireaus Direct Services S.A.	Call center services	100.00%	Greece	2010-2012
21.	Komotini Real Estate Development S.A.	Property management	100.00%	Greece	2010-2012
22.	Piraeus Real Estate S.A.	Construction company	100.00%	Greece	2011-2012
23.	ND Development S.A.	Property management	100.00%	Greece	2010-2012
24.	Property Horizon S.A.	Property management	100.00%	Greece	2010-2012
25.	ETVA Industrial Parks S.A.	Development/management of industrial areas	65.00%	Greece	2010-2012
26.	Piraeus Development S.A.	Property management	100.00%	Greece	2010-2012
27.	Piraeus Asset Management S.A.	Mutual funds management	100.00%	Greece	2010-2012
28.	Piraeus Buildings S.A.	Property development	100.00%	Greece	2010-2012
29.	Estia Mortgage Finance PLC	SPE for securitization of mortgage loans	—	United Kingdom	—
30.	Euroinvestment & Finance Public LTD	Asset management, real estate operations	90.89%	Cyprus	2006-2012
31.	Lakkos Mikelli Real Estate LTD	Property management	50.66%	Cyprus	2009-2012
32.	Philoktimatiki Public LTD	Land and property development	53.31%	Cyprus	2009-2012
33.	Philoktimatiki Ergoliptiki LTD	Construction company	53.31%	Cyprus	2008-2012

15. Investments in subsidiaries and associate companies (Continued)

s/n	Name of Company	Activity	% holding	Country	Unaudited tax years
34.	New Evolution S.A.	Property, tourism & development company	100.00%	Greece	2010-2012
35.	EMF Investors Limited	Investment company	100.00%	Cyprus	2008-2012
36.	Piraeus Green Investments S.A.	Holding company	100.00%	Greece	2011-2012
37.	New Up Dating Development Real Estate and Tourism S.A.	Property, tourism & development company	100.00%	Greece	2005-2012
38.	Sunholdings Properties Company LTD	Land and property development	26.66%	Cyprus	2008-2012
39.	Polytropon Properties Limited	Land and property development	39.98%	Cyprus	2008-2012
40.	Capital Investments & Finance S.A.	Investment company	100.00%	Liberia	—
41.	Vitria Investments S.A.	Investment company	100.00%	Panama	—
42.	Piraeus Insurance Brokerage EOOD	Insurance brokerage	99.98%	Bulgaria	2007-2012
43.	Trieris Real Estate Management LTD	Management of Trieris Real Estate Ltd	100.00%	British Virgin Islands	—
44.	Piraeus Egypt Leasing Co.	Finance leases	98.30%	Egypt	2007-2012
45.	Piraeus—Egypt Asset Management Co.	Property administration	98.30%	Egypt	2005-2012
46.	Piraeus Egypt for Securities Brokerage Co.	Stock exchange operations	98.30%	Egypt	2007-2012
47.	Piraeus Insurance Reinsurance Broker Romania S.R.L.	Insurance and reinsurance brokerage	100.00%	Romania	2009-2012
48.	Piraeus Real Estate Consultants S.R.L.	Construction company	100.00%	Romania	2007-2012
49.	Piraeus Leases S.A.	Finance leases	100.00%	Greece	2007-2012
50.	Orion Energy Photovoltaics S.A.	PV Solar projects development	65.00%	Greece	2007-2012
51.	Astraios Energy Photovoltaics S.A.	PV Solar projects development	65.00%	Greece	2007-2012
52.	Multicollection S.A.	Assessment and collection of commercial debts	51.00%	Greece	2009-2012
53.	Olympic Commercial & Tourist Enterprises S.A.	Operating leases—Rent-a-Car and long term rental of vehicles	94.98%	Greece	2009-2012
54.	Piraeus Rent Doo Beograd	Operating Leases	100.00%	Serbia	2007-2012
55.	Estia Mortgage Finance II PLC	SPE for securitization of mortgage loans	—	United Kingdom	—
56.	Piraeus Leasing Doo Beograd	Finance leases	100.00%	Serbia	2007-2012
57.	Piraeus Real Estate Consultants Doo	Construction company	100.00%	Serbia	2008-2012
58.	Piraeus Real Estate Bulgaria EOOD	Construction company	100.00%	Bulgaria	2007-2012
59.	Piraeus Real Estate Egypt LLC	Property management	100.00%	Egypt	2007-2012
60.	Piraeus Bank Egypt Investment Company	Investment company	98.28%	Egypt	2007-2012
61.	Piraeus Insurance Agency S.A.	Insurance—agency	100.00%	Greece	2008-2012
62.	Piraeus Capital Management S.A.	Venture capital fund	100.00%	Greece	2010-2012
63.	Piraeus Insurance Brokerage Egypt	Insurance brokerage	96.33%	Egypt	2008-2012
64.	Integrated Services Systems Co.	Warehouse & mail distribution management	97.31%	Egypt	2004-2012
65.	Axia Finance PLC	SPE for securitization of corporate loans	—	United Kingdom	—
66.	Piraeus Wealth Management A.E.P.E.Y.	Wealth management	65.00%	Greece	2010-2012
67.	Praxis Finance PLC	SPE for securitization of consumer loans	—	United Kingdom	—
68.	Axia Finance III PLC	SPE for securitization of corporate loans	—	United Kingdom	—
69.	Praxis II Finance PLC	SPE for securitization of consumer loans	—	United Kingdom	—
70.	Axia III APC LIMITED	SPE for securitization of corporate loans	—	United Kingdom	—
71.	Praxis II APC LIMITED	SPE for securitization of consumer loans	—	United Kingdom	—
72.	PROSPECT N.E.P.A.	Yachting management	100.00%	Greece	—
73.	R.E Anodus LTD	Consultancy serv. for real estate develop. and inv.	100.00%	Cyprus	2009-2012

15. Investments in subsidiaries and associate companies (Continued)

s/n	Name of Company	Activity	% holding	Country	Unaudited tax years
74.	Pleiades Estate S.A.	Property management	100.00%	Greece	2010-2012
75.	Solum Ltd Liability Co.	Property management	99.00%	Ukraine	2009-2012
76.	Piraeus (Cyprus) Insurance Brokerage Ltd	Insurance brokerage	100.00%	Cyprus	2009-2012
77.	O.F. Investments Ltd	Investment company	100.00%	Cyprus	2010-2012
78.	DI.VI.PA.KA S.A.	Administrative and managerial body of the Kastoria industrial park	57.53%	Greece	2010-2012
79.	Piraeus Equity Partners Ltd.	Holding company	100.00%	Cyprus	2011-2012
80.	Piraeus Equity Advisors Ltd.	Investment advise	100.00%	Cyprus	2009-2012
81.	Achaia Clauss Estate S.A.	Property management	74.47%	Greece	2010-2012
82.	Piraeus Equity Investment Management Ltd	Investment management	100.00%	Cyprus	2009-2012
83.	Piraeus FI Holding Ltd	Holding company	100.00%	British Virgin Islands	—
84.	Piraeus Master GP Holding Ltd	Investment advice	100.00%	British Virgin Islands	—
85.	Piraeus Clean Energy GP Ltd	General partner of Piraeus Clean Energy LP	100.00%	Cyprus	2009-2012
86.	Curdart Holding Ltd	Holding company	100.00%	Cyprus	2009-2012
87.	Piraeus Clean Energy LP	Renewable Energy Investment Fund	100.00%	United Kingdom	2010-2012
88.	Piraeus Clean Energy Holdings LTD	Holding Company	100.00%	Cyprus	2010-2012
89.	Visa Rent A Car A.E.	Rent A Car company	94.98%	Greece	2010-2012
90.	Adflikton Investments LTD	Property Management	100.00%	Cyprus	2009-2012
91.	Cospleon Investments LTD	Property Management	100.00%	Cyprus	2010-2012
92.	Cutsofiar Enterprises LTD	Property Management	100.00%	Cyprus	2010-2012
93.	Gravieron Company LTD	Property Management	100.00%	Cyprus	2008-2012
94.	Kaihur Investments LTD	Property Management	100.00%	Cyprus	2007-2012
95.	Pertanam Enterprises LTD	Property Management	100.00%	Cyprus	2007-2012
96.	Rockory Enterprises LTD	Property Management	100.00%	Cyprus	2010-2012
97.	Topuni Investments LTD	Property Management	100.00%	Cyprus	2007-2012
98.	Albalate Company LTD	Property Management	100.00%	Cyprus	2011-2012
99.	Akimoria Enterprises LTD	Property Management	100.00%	Cyprus	2011-2012
100.	Alarconarco Enterprises LTD	Property Management	100.00%	Cyprus	2011-2012
101.	Kosmopolis A' Shopping Centers S.A.	Shopping Center's Management	100.00%	Greece	2010-2012
102.	Parking Kosmopolis S.A.	Parking Management	100.00%	Greece	2010-2012
103.	Zibeno Investments Ltd	Holding Company	83.00%	Cyprus	2011-2012
104.	Bulfinace E.A.D.	Property Management	100.00%	Bulgaria	2008-2012
105.	Zibeno I Energy S.A.	Energy generation through renewable energy resources	83.00%	Greece	2012
106.	Asset Management Bulgaria EOOD	Travel—rental services and property management	100.00%	Bulgaria	2012
107.	Arigeo Energy Holdings Ltd	Holding Company in Renewable Energy	100.00%	Cyprus	2012
108.	Exus Software Ltd.	IT products Retailer	50.10%	United Kingdom	2012
109.	Proiect Season Residence SRL	Real Estate Development	100.00%	Romania	2012
110.	Piraeus Jeremie Technology Catalyst Management S.A.	Management of Venture Capital Fund	100.00%	Greece	2012
111.	ATE Bank Romania S.A.	Banking activities	93.27%	Romania	2005-2012
112.	ABG Mutual Funds Management Company S.A.	Mutual funds management	100.00%	Greece	2010-2012
113.	KPM Energy S.A.	Energy generation and exploitation through renewable energy resources	80.00%	Greece	2012
114.	Geniki Bank S.A.	Banking activities	99.08%	Greece	2005-2012
115.	Geniki Leasing S.A.	Finance leases	99.08%	Greece	2008-2012

15. Investments in subsidiaries and associate companies (Continued)

s/n	Name of Company	Activity	% holding	Country	Unaudited tax years
116.	Geniki Financial & Consulting Services S.A.	Financial & Consulting Services	99.08%	Greece	2010-2012
117.	Geniki Insurance Agency S.A.	Insurance Agency	99.08%	Greece	2010-2012
118.	Geniki Information S.A.	Assessment and collection of commercial debts	99.08%	Greece	2010-2012
119.	Solum Enterprise LLC	Property management	99.00%	Ukraine	2012
120.	General Business Management Investitii S.R.L.	Development of Building Projects	100.00%	Romania	—
121.	Atexcelixi S.A.	Hotel—Training & Seminars	100.00%	Greece	2010-2012

Companies numbered 29, 55, 65, και 67-71 are special purpose vehicles for securitization of loans and issuance of debt securities. Companies numbered 38 and 39 although presenting less than 50% holding percentage, are included in the Group's subsidiaries' portfolio due to existence of control.

Also, as at 31/3/2013 the companies numbered 28, 40, 41, 52 and 57 were under liquidation.

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	2010-2012
2.	Evros' Development Company S.A.	European community programs management	30.00%	Greece	2010-2012
3.	Project on Line S.A.	Information technology & software	40.00%	Greece	2010-2012
4.	Alexandria for Development & Investment	Investment company	21.63%	Egypt	2008-2012
5.	Nile Shoes Company	Footwear seller—manufacturer	38.67%	Egypt	2003-2012
6.	APE Commercial Property Real Estate Tourist and Development S.A.	Holding Company	27.80%	Greece	2010-2012
7.	APE Fixed Assets Real Estate Tourist and Development S.A.	Real estate, development/tourist services	27.80%	Greece	2010-2012
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	2010-2012
10.	APE Investment Property S.A.	Real estate, development/tourist services	27.20%	Greece	2010-2012
11.	Sciens International Investments & Holding S.A.	Holding company	28.10%	Greece	2010-2012
12.	Trastor Real Estate Investment Company	Real estate investment property	33.80%	Greece	2006-2012
13.	Euroterra S.A.	Property management	39.22%	Greece	2010-2012
14.	Rebikat S.A.	Property management	40.00%	Greece	2010-2012
15.	Abies S.A.	Property management	40.00%	Greece	2010-2012
16.	ACT Services S.A.	Accounting and tax consulting	49.00%	Greece	2011-2012
17.	Exodus S.A.	Information technology & software	50.10%	Greece	2010-2012
18.	Good Works Energy Photovoltaics S.A.	Construction & operation PV solar projects	33.15%	Greece	2006-2012
19.	Entropia Ktimatiki S.A.	Property Management	33.30%	Greece	2010-2012
20.	Piraeus—TANEO Capital Fund	Venture capital fund	50.01%	Greece	—
21.	AIK Banka	Banking activities	20.86%	Serbia	2006-2012
22.	Teiresias S.A.	Inter banking company. Development, operation and management of information systems	22.28%	Greece	2008-2012

15. Investments in subsidiaries and associate companies (Continued)

s/n	Name of Company	Activity	% holding	Country	Unaudited tax years
23.	PJ Tech Catalyst Fund	Management of Venture Capital Fund closed type	30.00%	Greece	—
24.	Pyrrichos S.A.	Property management	50.62%	Greece	2010-2012

The company numbered 17 is included in the associate companies' portfolio, as Piraeus Bank Group owns 40.10% of the voting rights. The company numbered 20 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 18 is under liquidation as at 31/3/2013. The company numbered 24 is included in the associate companies' portfolio since the Group has significant influence and not control.

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

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	2008-2012
2.	ATE Insurance Romania S.A.	Insurance	99.47%	Romania	2007-2012

16. Other Assets

The decrease in "Other Assets" is mainly due to the contribution by the Hellenic Financial Stability Fund of the due difference of approximately € 0.8 bn that arose from the transfer of selected assets and liabilities of former ATEbank, which had not been paid. The finalization of the perimeter of the transferred items was completed in January 2013 and the payment of the above difference was made during the 1st Quarter of 2013 with bonds of equal value issued by the EFSF, that were classified as "Debt securities—receivables" (Note 13).

17. Balance sheet—Discontinued operations

The assets and liabilities as at 31/3/2013 and 31/12/2012 concern the companies ATE Insurance S.A and ATE Insurance Romania S.A.:

	31 March 2013	31 December 2012
ASSETS		
Cash and balances with Central Banks	1,207	1,305
Loans and advances to credit institutions	302	17
Trading securities	5,198	5,058
Available for sale securities	83,087	109,980
Held to maturity	30,103	29,376
Intangible assets	1,093	889
Property, plant and equipment	53,998	54,342
Investment property	2,246	2,246
Deferred tax assets	53,762	50,843
Other assets	122,890	123,094
Total Assets	**353,887**	**377,150**
LIABILITIES		
Retirement benefit obligations	4,165	4,090
Other provisions	551,066	560,386
Current income tax liabilities	—	50
Deferred tax liabilities	16	15
Other liabilities	42,897	41,114
Total Liabilities	**598,144**	**605,654**

18. Due to credit institutions

"Due to credit institutions" includes refinancing operations through repo transactions within the eurosystem amounting to € 21.2 billion (31/12/2012: € 31.6 billion). It is noted that the Bank regained access to the funding through ECB in mid-January 2013. The total decrease in the refinancing raised from the eurosystem in the first quarter of 2013, is mainly due to the improvement of the Group's liquidity through customer deposits as well as due to interbank repo transactions.

19. Due to customers

	31 March 2013	31 December 2012
Current and sight deposits	7,880,980	6,061,609
Savings accounts	12,101,840	10,714,775
Term deposits	32,811,253	19,850,104
Other accounts (cheques, remittances and blocked deposits)	541,600	340,771
Repurchase agreements	4,165	3,949
	53,339,837	**36,971,208**

The increase in "Due to customers" is mainly due to the acquisition of customer deposits of the Greek banking operations of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank, and also is due to the increase at the customers' deposits.

20. Debt securities in issue

	31 March 2013	31 December 2012
ETBA bonds (A)	**960**	**965**
Euro Medium Term Note		
€ 60 m. floating rate notes due 2015	60,000	60,000
€ 25.5 m. fixed rate notes due 2013	—	14,555
Accrued interest and other expenses	450	613
Total (B)	**60,450**	**75,168**
Securitisation of mortgage loans		
€ 750 m. floating rate notes due 2040	68,128	71,266
€ 1,250 m. floating rate notes due 2054	203,786	215,915
Total (C)	**271,914**	**287,181**
Bonds convertible to shares (D)	**170,808**	**170,388**
Total debt securities in issue (A)+(B)+(C)+(D)	**504,131**	**533,702**

It should be noted that 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, continue to be retained by Piraeus Bank.

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

21. Hybrid capital and other borrowed funds

	31 March 2013	31 December 2012
Hybrid capital (Tier I)		
€ 200 m. floating rate notes due 2034	58,858	59,916
	58,858	**59,916**
Subordinated debt (Tier II)		
€ 400 m. floating rate notes due 2016	262,510	263,136
Accrued interest and other expenses	1,081	1,089
	263,591	**264,225**
Total hybrid capital and other borrowed funds	**322,449**	**324,141**

Accrued interest on hybrid capital and other borrowed funds is included in the respective balances of hybrid capital and other borrowed funds.

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.

22. Contingent liabilities and commitments

A) Legal procedures

According to the opinion of the legal affairs division of the Bank and its subsidiaries, the legal proceedings outstanding against the Group as at 31/03/2013 are not expected to have any significant impact on the financial statements of the Group. The Group's provision for outstanding litigations amounts to € 9.1 million from continuing operations and € 2.2 million from discontinued operations.

22. Contingent liabilities and commitments (Continued)

B) Credit commitments

As at 31/3/2013 the Group had undertaken the following commitments:

	31 March 2013	31 December 2012
Letters of guarantee	3,031,948	3,109,938
Letters of credit	52,267	44,229
Commitments to extent credit	1,157,481	1,229,350
	4,241,696	**4,383,517**

C) Assets pledged

	31 March 2013	31 December 2012
Cash and balances with central banks	750,668	770,285
Trading securities	165,355	100,352
Investment securities	955,486	962,680
Debt securities held by the Group own issue	16,541,690	11,578,512
Loans and advances to customers and debt securities—receivables	9,937,601	16,421,644
	28,350,800	**29,833,474**

In the "Debt securities issued and held by the Group own issue" category, an amount of € 9,996 million refers to securities that had been issued with the unconditional guarantee of the Hellenic Republic and an amount of € 5,296 million, refers to securities issued under the securitization of mortgage, consumer and corporate loans of the Bank and an amount of € 1,250 million refers to Bank's issuance of covered bonds. The prementioned securities are not included in assets.

Except for the above mentioned bonds, the Bank has received from the HFSF bonds of nominal value € 6.2 billion, issued by the EFSF, as an advance of the share capital increase. These bonds are pledged in repo transactions for refinancing operations. Risks and rewards from these bonds have not yet been transferred to the Bank according to the specific terms of the agreement among EFSF, HFSF and the Banks, and for this reason they have not been included in the Balance Sheet, but are monitored in off balance sheet accounts.

D) Operating lease commitments

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

	31 March 2013	31 December 2012
Up to 1 year	86,533	65,312
From 1 to 5 years	343,635	255,639
More than 5 years	612,709	447,632
	1,042,876	**768,584**

Operating lease commitments increase is mainly due to the Acquisition of the Greek banking operations of Cypriot Banks (Bank of Cyprus, Popular Bank of Greece, Hellenic Bank).

23. Share capital

	Share Capital	Share Premium	Treasury Shares	Total
Opening balance at 1st January 2012	**1,092,998**	**2,953,355**	**(192)**	**4,046,161**
The effect from sales and purchases of treasury shares	—	—	156	156
Balance at 31 December 2012	**1,092,998**	**2,953,356**	**(36)**	**4,046,317**
Opening balance at 1st January 2013	**1,092,998**	**2,953,356**	**(36)**	**4,046,317**
The effect from sales and purchases of treasury shares	—	—	21	21
Balance at 31 March 2013	**1,092,998**	**2,953,356**	**(15)**	**4,046,338**

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 1st January 2012	**2,487,561,364**	**(408,788)**	**2,487,152,576**
Purchases of treasury shares	—	(3,635,454)	(3,635,454)
Sales of treasury shares	—	3,960,654	3,960,654
Balance at 31 December 2012	**2,487,561,364**	**(83,588)**	**2,487,477,776**
Opening balance at 1st January 2013	**2,487,561,364**	**(83,588)**	**2,487,477,776**
Purchases of treasury shares	—	(728,057)	(728,057)
Sales of treasury shares	—	761,957	761,957
Balance at 31 March 2013	**2,487,561,364**	**(49,688)**	**2,487,511,676**

On 31/3/2013 the Bank's share capital amounts to € 1,092,997,968.18, divided into 1,143,326,564 ordinary voting registered shares, each with a nominal value of € 0.30 and (a) 77,568,134 preferred non voting shares, each with a nominal value of € 4.77 and (b) 1,266,666,666 preferred non voting shares, each with a nominal value of € 0.30.

The Extraordinary General Meeting of Shareholders which was held on 31/1/2013 resolved the issue of contingent convertible securities up to the total amount of 2 billion euro through waiver of pre-emption rights of existing shareholders of ordinary registered shares, in accordance with the provisions of the Law 3864/2010, as amended, and the Ministers' Council Act No 38/9.11.2012 (Government Gazette 223/2012). These contingent convertible securities will be covered by the Hellenic Financial Stability Fund (HFSF) according to the above provisions.

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). Treasury shares transactions are carried out by the Group subsidiary Piraeus Securities S.A. through its activities relating to its role as a market maker.

24. Other reserves and retained earnings

	31 March 2013	31 December 2012
Legal reserve	108,363	107,639
Extraodinary reserve	13,940	13,940
Available for sale reserve	39,898	42,196
Currency translation reserve	(180,555)	(182,335)
Other reserves	13,962	13,905
Amounts recognized directly in equity relating to non-current assets from discontinued operations	9,310	9,301
Total other reserves	**4,919**	**4,646**
Retained earnings	(2,877,104)	(6,503,766)
Total other reserves and retained earnings	**(2,872,185)**	**(6,499,120)**

In the "Amounts recognized directly in equity relating to non-current assets from discontinued operations" category the "Available for sale reserve" and the "Currency translation reserve" from discontinued operations is included.

	31 March 2013	31 December 2012
Other reserves movement		
Opening balance for the period	4,646	(145,587)
Movement of available for sale reserve	(2,298)	110,120
Formation of legal reserve	724	3,490
Formation of other reserves	58	15,937
Absorbed companies reserve	—	(467)
Foreign exchange differences and other adjustments	1,781	(2,676)
Amounts recognized directly in equity relating to non-current assets from discontinued operations	8	23,831
Closing balance for the period	**4,919**	**4,646**

	31 March 2013	31 December 2012
Available for sale reserve movement		
Opening balance for the period	42,196	(67,923)
Opening balance for Egypt companies	—	(4,999)
Opening balance for discontinued operations (Marathon Banking Corporation)	—	708
Gains from the valuation of bonds and Greek Government Treasury Bills	8,868	476,605
Gains/(losses) from the valuation of shares and mutual funds	(26)	86,845
Recycling to income statement of shares and mutual funds impairment	—	8,939
Deferred income tax	(5,345)	(32,052)
Recycling of the accumulated fair value adjustment of disposed securities	(6,162)	(442,731)
Foreign exchange differences and other movements	368	16,804
Closing balance for the period	**39,898**	**42,196**

24. Other reserves and retained earnings (Continued)

	31 March 2013	31 December 2012
Retained earnings movement		
Opening balance	(6,503,766)	(5,975,641)
Impact from the retrospective application of I.A.S. 19 amendment	—	11,073
Restated opening balance	**(6,503,766)**	**(5,964,568)**
Impact from I.A.S. 19 Amendment after income tax that recorded directly to Equity	—	(21,569)
Profit/(loss) after tax attributable to the owners of the parent entity	3,628,836	(498,640)
Profit/(loss) from sales of treasury shares	23	215
Share capital increase expenses	—	(23)
Transfer between other reserves and retained earnings	(781)	(19,427)
Acquisitions, disposals, absorption, liquidation and movement in participating interest	33	245
Expenses on increase of share capital of subsidiary company	(1,449)	—
Closing balance for the period	**(2,877,104)**	**(6,503,766)**

25. 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 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%.

	Board of Directors members and key management personnel	
	31 March 2013	31 December 2012
Loans	139,473	82,297
Deposits	19,984	14,999

Letters of guarantee and letters of credit to the members of the Board of Directors and to the key management personnel as at 31/3/2013 are € 1.3 million (31/12/2012: € 1.3 million). The total income that relates to members of the Board of Directors and to key management personnel for the period 1/1-31/3/2013 is € 0.6 million (1/1-31/3/2012: € 1.1 million). The total expense that relates to the prementioned related parties for the period is € 0.2 million (1/1-31/3/2012: € 0.3 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.

	1/1-31/3/2013	1/1-31/3/2012
Directors' renumeration		
Wages, salaries, employer's share of social contributions and charges	1,381	1,103
Provisions for compensation and retirement programs	94	626

The increase in "Wages, salaries, employers' share of social contributions and charges" is mainly due to the addition of new members.

25. Related parties transactions (Continued)

The aggregate provisions for benefit plans to Members of the Board of Directors and key management personnel amount to € 21.7 million from € 21.0 million as at 31/12/2012. It is noted that the aforementioned provisions as at 31/12/2012 have been restated from € 19.7 million to € 21.0 million as a result of the retrospective implementation of IAS 19 (Amendment) "Employee Benefits". The full amount of the above provisions has been included in the retirement benefit obligations.

	Associates	
	31 March 2013	**31 December 2012**
Deposits and other liabilities	42,683	35,343
Loans and other receivables	194,837	193,637
	1/1-31/3/2013	**1/1-31/3/2012**
Total expense	(5,503)	(169)
Total income	2,432	1,133

26. Acquisition of the Greek banking operations of Cypriot Banks (Bank of Cyprus, Popular Bank of Greece, Hellenic Bank)

On 26/3/2013, Piraeus Bank Group acquired the Greek banking operations of Bank of Cyprus, Cyprus Popular Bank (CPB) and Hellenic Bank, for a total consideration of € 524 million, through a special process, under the aegis of European Union, which determined the perimeter of the transferred operation, the terms and the consideration. The Greek Banking operations include the staff, the branch network, the loans and the deposits of the aforementioned Cypriot banks, including the loans and the deposits of their subsidiaries in Greece (leasing, factoring and Investment Bank of Greece—IBG).

For the allocation of the acquisition cost, the Group applied the rules of IFRS 3 "Business Combinations", adjusting the assets, liabilities and contingent liabilities of the acquired Greek banking operations at their fair values. It is noted that the loans and advances to customers have been valued by independent international audit firm.

The allocation of acquisition cost was completed in the 1st quarter of 2013 and therefore the total fair values of assets and liabilities acquired, are presented in the table below:

	Total Fair Values (amounts in thousand €)
Assets	
Loans and advances to customers (net of provisions)	18,517,475
Intangible assets	14,414
Property, plant and equipment	108,988
Other assets	289,965
Total Assets	**18,930,842**
Liabilities	
Due to customers	14,968,929
Retirement benefit obligation	23,310
Other liabilities	911
Total Liabilities	**14,993,150**
Shareholders Equity	3,937,692
Total liabilities and shareholders equity	**18,930,842**
Cost of acquisition	**524,000**
Net assets acquired	**100%**
Negative goodwill	**3,413,692**

26. Acquisition of the Greek banking operations of Cypriot Banks (Bank of Cyprus, Popular Bank of Greece, Hellenic Bank) (Continued)

The amount of negative goodwill has been recognized in the Consolidated Income Statement for the 1st quarter 2013. The existence of negative goodwill has arisen due to the particular circumstances prevailing at the date of transaction.

It is noted that, in Greece, the income tax is calculated at an entity level and not at a group level. It is also noted that, the applicable Greek legislation provides exemptions for similar amounts in cases of merging of credit institutions. For these reasons, the above amount of the negative goodwill is not subject to income tax.

The table below presents the total net income, the expenses and the profit before tax of the Greek operations of three Cypriot banks that resulted after the acquisition date, as well as the respective amounts which would have resulted for the Group if their acquisition had occurred on 1/1/2013. It is noted that, as the transfer of the loans and the deposits of the Greek banking operations of the three Cypriot banks was carried out at the closure of 15/3/2013, the results related to the above loans and deposits were accounted from 16/3/2013.

	Results of 1st quarter 2013	Post acquisition results
Total net income	119,634	23,956
Total expenses and provisions	(323,059)	(4,289)
Profit before tax	**(203,425)**	**19,667**

It is noted that, post acquisition results have been affected by the purchase price allocation exercise.

27. Changes in the portfolio of subsidiaries and associates

In the period from 1/1/2013 to 31/3/2013 the following changes took place in the Group's portfolio of direct and indirect subsidiaries and associates and held for sale companies:

a) Finalisation of the purchase price allocation exercise of Geniki Bank S.A.

During the first quarter of 2013, the purchase price allocation exercise of Geniki Bank S.A. was completed, according to the provisions of IFRS 3 "Business Combinations". The final fair values of the

27. Changes in the portfolio of subsidiaries and associates (Continued)

assets acquired and the liabilities assumed as well as the resulting negative goodwill are presented as follows:

	Geniki Bank S.A. Consolidated Balance Sheet
	Fair value
Assets	
Loans and advances to credit institutions	410,287
Loans and advances to customers	1,928,894
Available for sale securities	109,407
Property, plant and equipment	71,766
Other assets	335,006
Total Assets	**2,855,359**
Liabilities	
Due to credit institutions	404,187
Due to customers	2,049,295
Other liabilities	42,704
Total Liabilities	**2,496,186**
Shareholders Equity	359,173
Total liabilities and shareholders equity	**2,855,359**
Cost of acquisition	1,000
Net assets acquired	99.08%
Negative goodwill	354,856

Consequently, the additional negative goodwill from the acquisition of Geniki Bank S.A. amounts to approximately € 3.9 million, compared to the negative goodwill that was provisionally resognised in the annual consolidated financial statements as at 31/12/2012.

b) Purchase Price Allocation for the acquisition of selected assets and liabilities of former ATEbank S.A.

It shall be noted that the purchase price allocation exercise for the assets acquired and liabilities assumed of former ATEbank S.A is not finalized as at 31/03/2013.

Therefore, the provisional values of the aforementioned assets and liabilities are those disclosed in the consolidated financial statements for the year 2012.

c) Acquisitions—Increases of participation:

Following the finalization of the acquired perimeter of the selected balance sheet items of under special liquidation Agricultural Bank of Greece S.A. dated 24/1/2013, 100% of ATEXCELIXI S.A. was acquired and as a result, it is included in the subsidiaries' portfolio of Piraeus Bank S.A.

d) Acquisitions—Establishments:

On 8/2/2013, Piraeus Leasing Romania SRL and Piraeus Real Estate Consultants SRL, 100% Group's subsidiaries, established General Business Management Investitii SRL, 100% Group's subsidiary, fully covering its share capital with the amount of € 45.72. As a result, Piraeus Real Estate Consultants SRL and Piraeus Leasing Romania SRL own 90% and 10% of the company's share capital respectively.

27. Changes in the portfolio of subsidiaries and associates (Continued)

e) Participation in the share capital increases/decreases:

On 14/1/2013, Piraeus Bank S.A. fully covered the share capital increase of its 100% subsidiary Piraeus Equity Partners LTD, with the amount of € 2.00 million, without altering its shareholding percentage.

On 24/1/2013, PJ Tech Catalyst Fund, 30% Group's associate company, increased its assets with the amount of € 330.00 thousand. As a result, Piraeus Equity Partners LTD, 100% subsidiary of Piraeus Bank S.A., covered its shareholding ratio with the amount of € 99.00 thousand, without altering its shareholding percentage.

On 7/3/2013, General Bank of Greece S.A., 99.08% subsidiary of Piraeus Bank S.A., decreased its share capital by the amount of € 83.03 million by decreasing the nominal value from € 5.80 per share to € 1.00 per share.

On 8/3/2013, ATE Insurance S.A., 100% direct subsidiary of Piraeus Bank S.A., concluded its share capital increase with the amount of € 172.06 million. Piraeus Bank S.A. fully covered the aforementioned increase without altering its shareholding percentage in the company, which is included in the Held for Sale portfolio.

On 28/3/2013, Piraeus Bank Beograd A.D., 100% subsidiary of Piraeus Bank S.A., increased its share capital with the amount of € 9.94 million through the conversion of subordinated debt. Piraeus Bank S.A. fully covered the increase, without altering its shareholding percentage.

On 29/3/2013, Piraeus-TANEO Capital Fund, 50.01% associate of Piraeus Bank S.A, increased its assets with the amount of € 187.5 thousand. Piraeus Bank S.A. covered its shareholding ratio with the amount of € 93.77 thousand, without altering its shareholding percentage.

e) Liquidation and disposal:

In March 2013, Imperial Stockbrokers LTD, Imperial Eurobrokers LTD, Euroinvestment Mutual Funds LTD and Bull Fund LTD, 100% subsidiaries of Group, were dissolved.

On 8/3/2013, ETVA Industrial Parks S.A., 65% subsidiary of Piraeus Bank S.A., set its 51% participation Good Works Energy Photovoltaics S.A. under liquidation. Good Works Energy Photovoltaics S.A. in included in the portfolio of Group's associates.

28. Restatement of comparatives

The Balance sheet accounts as at 31/12/2012 and the Income Statements accounts for the 1st quarter of 2012 have been restated as a result of the retrospective implementation of IAS 19 (Amendment) "Employee Benefits".

The restatements and the restated amounts of Piraeus Bank Group in the interim income statement, the interim statement of total comprehensive income and the interim statement of financial position are presented below.

It should be noted that in the following tables, the amounts reported in the column "Published Amounts" in the interim income statement and in the statement of total comprehensive income are included in the Consolidated Interim Condensed Financial Information of 30th June 2012, where the restatements in the Consolidated Interim Condensed Financial Information of 31st March 2012 were stated.

28. Restatement of comparatives (Continued)

RESTATEMENTS OF CONSOLIDATED INTERIM INCOME STATEMENT

Consolidated income statement	Published amounts	Restatements due to amendment of I.A.S. 19	Restated Amounts
Interest and similar income	694,831	—	694,831
Interest expense and similar charges	(459,606)	—	(459,606)
Net interest income	**235,224**	**0**	**235,224**
Fee and commission income	52,794	—	52,794
Fee and commission expense	(6,993)	—	(6,993)
Net fee and commission income	**45,801**	**0**	**45,801**
Dividend income	85	—	85
Net trading income	97,331	—	97,331
Net income from financial instruments designated at fair value through profit or loss	2,015	—	2,015
Results from investment securities	(204)	—	(204)
Other operating income	14,093	—	14,093
Total net income	**394,346**	**0**	**394,346**
Staff costs	(84,393)	(157)	(84,550)
Administrative expenses	(65,061)	—	(65,061)
Depreciation and amortization	(28,150)	—	(28,150)
Gains from sale of assets	38	—	38
Total operating expenses before provisions	**(177,566)**	**(157)**	**(177,724)**
Impairment losses on loans, debt securities and other receivables	(294,435)	—	(294,435)
Impairment on investment securities	(312,850)	—	(312,850)
Other provisions and impairment	(254)	—	(254)
Share of profit of associates	(1,426)	—	(1,426)
Profit/(loss) before income tax	**(392,185)**	**(157)**	**(392,342)**
Income tax	436,055	31	436,087
Profit after income tax	**43,871**	**(126)**	**43,745**
Profit after income tax from discontinued operations	1,233	—	1,233
PROFIT AFTER TAX FOR THE PERIOD	**45,104**	**(126)**	**44,978**
From continuing operations			
Profit for the period attributable to equity holders of the parent entity	45,963	(125)	45,838
Non controlling interest	(2,092)	(1)	(2,093)
From discontinued operations			
Profit for the period attributable to equity holders of the parent entity	1,215	0	1,215
Non controlling interest	19	0	19
From continuing operations			
Earnings per share attributable to equity holders of the parent entity:			
—Basic and Diluted	0.0402	(0.0001)	0.0401
From discontinued operations			
Earnings per share attributable to equity holders of the parent entity:			
—Basic and Diluted	0.0011	0.0000	0.0011

28. Restatement of comparatives (Continued)

RESTATEMENTS OF CONSOLIDATED INTERIM STATEMENT OF TOTAL COMPREHENSIVE INCOME

	1/1-31/3/2012		
	Published amounts	**Restatements due to amendment of I.A.S. 19**	**Restated Amounts**
CONTINUING OPERATIONS			
Profit after tax for the period (A)	43,870	(126)	43,744
Other comprehensive income, net of tax:			
Amounts that can be reclassified in the Income Statement			
Net change in available for sale reserve	41,418	—	41,418
Change in currency translation reserve	527	—	527
Amounts that can not be reclassified in the Income Statement			
Change in acturial gain/(losses) at the defined benefit obligations	—	—	0
Other comprehensive income for the period, net of tax (B)	**41,945**	**0**	**41,945**
Total comprehensive income for the period, net of tax (A+B)	**85,815**	**(126)**	**85,689**
—Attributable to equity holders of the parent entity	87,971	(125)	87,846
—Non controlling interest	(2,155)	(1)	(2,156)
DISCONTINUED OPERATIONS			
Profit after tax for the period (C)	**1,233**	**—**	**1,233**
Amounts that can be reclassified in the Income Statement			
Net change in available for sale reserve	61	—	61
Change in currency translation reserve	(1,123)	—	(1,123)
Amounts that can not be reclassified in the Income Statement			
Change in acturial gain/(losses) at the defined benefit obligations	—	—	0
Other comprehensive income for the period, net of tax (D)	**(1,062)**	**0**	**(1,062)**
Total comprehensive income for the period, net of tax (C+D)	**171**	**0**	**171**
—Attributable to equity holders of the parent entity	190	0	190
—Non controlling interest	(19)	0	(19)

28. Restatement of comparatives (Continued)

RESTATEMENTS OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 December 2012		
	Published amounts	Restatements due to amendment of I.A.S. 19	Restated Amounts
ASSETS			
Deferred tax assets	1,895,124	2,350	1,897,474
Assets from discontinued operations	377,184	(34)	377,150
Other asset account	68,133,853	—	68,133,853
TOTAL ASSETS	**70,406,161**	**2,316**	**70,408,477**
LIABILITIES			
Retirement benefit obligations	172,065	11,173	183,238
Deferred tax liabilities	37,100	115	37,215
Liabilities from discontinued operations	605,824	(170)	605,654
Other liabilities account	71,906,677	—	71,906,677
TOTAL LIABILITIES	**72,721,666**	**11,118**	**72,732,784**
EQUITY			
Share capital	1,092,998	—	1,092,998
Share premium	2,953,356	—	2,953,356
Less: Treasury shares	(36)	—	(36)
Other reserves	(4,655)	—	(4,655)
Amounts recognized directly in equity relating to non-current assets from discontinued operations	9,301	—	9,301
Retained earnings	(6,494,933)	(8,833)	(6,503,766)
Capital and reserves attributable to equity holders of the parent entity	**(2,443,969)**	**(8,833)**	**(2,452,802)**
Non controlling interest	128,464	31	128,495
TOTAL EQUITY	**(2,315,505)**	**(8,802)**	**(2,324,307)**
TOTAL LIABILITIES AND EQUITY	**70,406,161**	**2,316**	**70,408,477**

29. Events subsequent to the end of the interim period

On the 10th April 2013, Piraeus Bank received EFSF bonds, of € 570 million nominal value from the Hellenic Financial Stability Fund, which are designated to cover capital needs stemming from the acquisition of the selected assets and liabilities of ATEbank.

On the 18th April 2013, Piraeus Bank signed an agreement for the sale of its total shareholding (93.27%) in the share capital of ATEbank Romania S.A., for the consideration of € 10.3 million. The aforementioned transfer will take place following the prior completion of the spin-off of the majority of the assets and liabilities of the subsidiary and contribution of the same to Piraeus Bank Romania S.A. The agreement is subject to regulatory approvals.

On the 22nd April 2013, Piraeus Bank signed an agreement with Millennium BCP ("BCP") regarding the acquisition of the entire share capital of Millennium Bank Greece and the participation of BCP in the forthcoming capital increase of Piraeus Bank, by the amount of € 400 mn.

On the 23rd April 2013, the Second Iterative Meeting of Shareholders resolved the following:

- Increase of the nominal value of each ordinary share and parallel reduction in the number of the Bank's ordinary shares (reverse split) and subsequent share capital increase of the Bank with

29. Events subsequent to the end of the interim period (Continued)

capitalization of part of the reserve of article 4 par 4a c.l. 2190/1920 for the purpose of achieving integer number of shares.

- Creation of special reserve of par. 4a in article 4 of c.l. 2190/1920, with equal reduction of Bank's share capital by decreasing the nominal value of each ordinary share without changing the number of ordinary shares.
- Increase of the share capital of the Bank through the issuance of new ordinary shares in order to raise funds as follows:

  A) up to 7,335,000,000 euro in order to meet regulatory capital requirements of the Bank as set by the Bank of Greece, which will be covered (a) in cash (i) through private placement to investors and partial waiver of the preemption rights of existing shareholders up to the amount of 400,000,000 euro; (ii) through the exercise of pre-emption rights and presubscription rights by existing shareholders; and (iii) through the allocation of unsubscribed shares by the Board of Directors in accordance with article 13 par. 8 of c.l. 2190/1920, as well as (b) through contribution in kind by the Hellenic Financial Stability Fund for the amount which will not be covered as per the above in cash in accordance with law 3864/2010 and ministerial council decision 38/9.11.2012,

  B) up to the amount of 570,000,000 euro through contribution in kind by the Hellenic Financial Stability Fund in order to meet the regulatory capital requirements of the Bank that arose from the purchase of the selected balance sheet items of Agricultural Bank of Greece S.A. under special liquidation,

  C) up to the amount of 524,000,000 euro through contribution in kind by the Hellenic Financial Stability Fund in order to meet the regulatory capital requirements of the Bank that arose from the purchase of balance sheet items of the Greek branches of Cypriot banks.

Moreover, it also granted authorizations to the Bank's Board of Directors for the finalization of the aforementioned decisions and the amendments of the relevant articles of association (detailed announcement of 2nd IGM: *http://www.piraeusbankgroup.com/~/media/Com/Piraeus-Bank-Documents/Press-Releases/2013/Apofaseis BGM 23042013 en.ashx).*

On the 25th April 2013, Piraeus Bank announced the agreement with Bank of Cyprus, Cyprus Popular Bank (CPB) and Hellenic Bank for the acquisition of the activities and custody services, clearing and transaction settlements, of the branches of the three Cypriot financial institutions in Greece. Additionally, the relevant agreement with Cyprus Popular Bank includes the acquisition of the activities of CPB in Greece, which involve the representation and distribution of stakes in Mutual Funds.

On the 13th May 2013, Piraeus Bank announced the Tender Offer to purchase existing securities for cash. This Tender Offer refers to subordinated and hybrid securities totalling € 321 mn. This Tender Offer enables Piraeus Bank to strengthen the quality of its regulatory capital, with the increase of its Core Tier 1 Capital. The offer's acceptance period is expected to be completed by 24th May 2013.

On the 16th of May 2013, Fitch Ratings upgraded Piraeus Bank's long-term rating to "B-" from "CCC" with stable outlook and its short term rating to "B" from "C".

Athens, May 20th, 2013

CHAIRMAN OF THE BOARD OF DIRECTORS	MANAGING DIRECTOR & C.E.O.	CHIEF FINANCIAL OFFICER	DEPUTY CHIEF FINANCIAL OFFICER
MICHALIS G. SALLAS	STAVROS M. LEKKAKOS	GEORGE I. POULOPOULOS	KONSTANTINOS S. PASCHALIS

[Translation from the original text in Greek]

Independent Auditor's Report

To the Shareholders of Piraeus Bank S.A.

Report on the Separate and Consolidated Financial Statements

We have audited the accompanying separate and consolidated financial statements of "Piraeus Bank S.A." and its subsidiaries which comprise the separate and consolidated statement of financial position as of 31 December 2012 and the separate and consolidated income statement and statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these separate and consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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T:+30 210 6874400, F:+30 210 6874444, www.pwc.gr

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Opinion

In our opinion, the separate and consolidated financial statements present fairly, in all material respects, the financial position of the "Piraeus Bank S.A." and its subsidiaries as at December 31, 2012, and its/their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Emphasis of matter

Without qualifying our opinion, we draw attention to the disclosures made in note 2.1 to the financial statements, which refer to the impact of the impairment losses resulting from the Greek sovereign debt restructuring on the Bank and Group's regulatory capital, the current and planned actions to restore the capital adequacy and the existing uncertainties that could adversely affect the going concern assumption until the completion of the recapitalisation process.

Reference on Other Legal and Regulatory Matters

a) Included in the Board of Directors' Report is the corporate governance statement that contains the information that is required by paragraph 3d of article 43a of Codified Law 2190/1920.

b) We verified the conformity and consistency of the information given in the Board of Directors' report with the accompanying separate and consolidated financial statements in accordance with the requirements of articles 43a, 108 and 37 of Codified Law 2190/1920.

PricewaterhouseCoopers S.A.
268 Kifissias Avenue
152 32 Halandri
SOEL Reg. No. 113

Athens, 29th March 2013
THE CERTIFIED AUDITOR

Dimitris Sourbis
SOEL Reg. No. 16891

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December 2012	Year ended 31 December 2011
Interest and similar income	6	2,905,242	2,913,131
Interest expense and similar charges	6	(1,877,722)	(1,740,515)
NET INTEREST INCOME		**1,027,520**	**1,172,615**
Fee and commission income	7	249,015	232,996
Fee and commission expense	7	(31,426)	(35,218)
NET FEE AND COMMISSION INCOME		**217,589**	**197,778**
Dividend income	8	7,295	4,752
Net trading income	9	189,133	(101,745)
Net income from financial instruments designated at fair value through profit or loss	10	3,388	(6,419)
Results from investment securities	11	442,970	(556)
Other operating income	12	329,446	(44,207)
TOTAL NET INCOME		**2,217,339**	**1,222,220**
Staff costs	13	(423,966)	(389,584)
Administrative expenses	14	(379,273)	(336,596)
Depreciation and amortisation	29, 30	(105,388)	(96,720)
Gains/(Losses) from sale of assets		(850)	(515)
TOTAL OPERATING EXPENSES BEFORE PROVISIONS		**(909,477)**	**(823,416)**
PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX		**1,307,862**	**398,805**
Impairment losses on loans, debt securities and other receivables	24	(2,057,154)	(3,828,073)
Impairment on investment securities	25, 45	(391,113)	(3,964,724)
Other provisions and impairment	29, 30, 32, 40	(59,628)	(90,850)
Share of profit of associates	27	14,666	(31,308)
PROFIT/(LOSS) BEFORE INCOME TAX		**(1,185,367)**	**(7,516,151)**
Income Tax Expense	16	663,104	894,125
PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS		**(522,264)**	**(6,622,026)**
Profit/(loss) after income tax from discontinued operations		13,022	3,907
PROFIT/(LOSS) AFTER TAX		**(509,242)**	**(6,618,119)**
From continuing operations			
Profit/(Loss) for the year attributable to equity holders of the parent entity		(513,279)	(6,617,196)
Non controlling interest		(8,985)	(4,830)
From discontinued operations			
Profit/(Loss) for the year attributable to equity holders of the parent entity	15	12,976	3,817
Non controlling interest	15	46	90
Earnings/(Losses) per share attributable to equity holders of the parent entity (in euros):			
From continuing operations —Basic and Diluted	17	(0.4491)	(6.1160)
From discontinued operations —Basic and Diluted	17	0.0114	0.0035

The notes on pages F-50 to F-151 are integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

	Note	Year ended 31 December 2012	Year ended 31 December 2011
CONTINUING OPERATIONS			
Profit/(loss) after tax for the year (A)		**(522,264)**	**(6,622,026)**
Other comprehensive income, net of tax:			
Net change in available for sale reserve	18	114,444	270,218
Change in currency translation reserve	18	3,640	(6,423)
Other comprehensive income for the year, net of tax (B)		**118,084**	**263,795**
Total comprehensive income for the year, net of tax (A+B)		**(404,178)**	**(6,358,231)**
—Attributable to equity holders of the parent entity		(395,068)	(6,353,412)
—Non controlling interest		(9,110)	(4,819)
DISCONTINUED OPERATIONS			
Profit/(loss) after tax for the year (C)		**13,022**	**3,907**
Net change in available for sale reserve	18	9,775	(473)
Change in currency translation reserve	18	3,287	1,301
Other comprehensive income for the year, net of tax (D)		**13,062**	**828**
Total comprehensive income for the year, net of tax (C+D)		**26,084**	**4,735**
—Attributable to equity holders of the parent entity		26,040	4,608
—Non controlling interest		44	127

The notes on pages F-50 to F-151 are integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2012	31 December 2011
ASSETS			
Cash and balances with Central Banks	19	3,307,503	2,552,717
Loans and advances to credit institutions	20	380,384	316,136
Derivative financial instruments—assets	21	441,317	379,238
Trading securities	22	362,868	464,313
Financial instruments at fair value through profit or loss	22	7,833	9,922
Reverse repos with customers	23	35,924	57,395
Loans and advances to customers (net of provisions)	24	44,612,686	34,005,619
Debt securities—receivables	24	8,015,997	1,628,176
Investment securities			
—Available for sale securities	25	4,836,475	2,745,065
—Held to maturity	25	74,006	1,249,849
Investments in associated undertakings	27	301,696	214,642
Intangible assets	29	409,755	325,454
Property, plant and equipment	30	1,324,491	896,756
Investment property	31	1,078,513	877,511
Assets held for sale	32	15,537	14,021
Deferred tax assets	41	1,895,124	1,177,992
Inventories property	33	332,057	264,891
Other assets	33	2,596,810	1,015,395
Assets from discontinued operations	28	377,184	1,157,214
TOTAL ASSETS		**70,406,161**	**49,352,308**
LIABILITIES			
Due to credit institutions	34	32,561,322	25,413,598
Liabilities at fair value through profit or loss	35	21,953	18,475
Derivative financial instruments—liabilities	21	423,519	389,728
Due to customers	36	36,971,208	21,795,677
Debt securities in issue	37	533,702	1,268,045
Hybrid capital and other borrowed funds	38	324,141	498,968
Retirement benefit obligations	42	172,065	172,856
Other provisions	40	22,136	18,302
Current income tax liabilities		12,996	13,742
Deferred tax liabilities	41	37,100	46,640
Other liabilities	39	1,035,700	648,774
Liabilities from discontinued operations	28	605,824	1,007,341
TOTAL LIABILITIES		**72,721,666**	**51,292,146**
EQUITY			
Share capital	44	1,092,998	1,092,998
Share premium	44	2,953,356	2,953,356
Less: Treasury shares	44	(36)	(192)
Other reserves	45	(4,655)	(131,058)
Amounts recognized directly in equity relating to non-current assets from discontinued operations	45	9,301	(14,529)
Retained earnings	45	(6,494,933)	(5,975,642)
Capital and reserves attributable to equity holders of the parent entity		**(2,443,969)**	**(2,075,067)**
Non controlling interest		128,464	135,228
TOTAL EQUITY		**(2,315,505)**	**(1,939,838)**
TOTAL LIABILITIES AND EQUITY		**70,406,161**	**49,352,308**

The notes on pages F-50 to F-151 are integral part of these consolidated financial statements.

Piraeus Bank Group—31 December 2012

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to equity holders of the parent entity						
	Note	Share Capital	Share Premium	Treasury shares	Other reserves	Retained earnings	Non controlling interest	TOTAL
Opening balance as at 1 January 2011		**470,882**	**2,430,877**	**(8,790)**	**(432,845)**	**672,687**	**140,920**	**3,273,732**
Other comprehensive income for the year, net of tax	18, 45				264,574		50	264,623
Results after tax for the year 2011	45					(6,613,379)	(4,740)	(6,618,119)
Total recognised income for the year 2011		**0**	**0**	**0**	**264,574**	**(6,613,379)**	**(4,691)**	**(6,353,497)**
Prior year dividends of ordinary shares							(30)	(30)
Increase of share capital through cash payment	45	242,116	522,478					764,594
Issue of preference shares	44, 45	380,000				(4,180)		375,820
(Purchases)/sales of treasury shares and preemption rights	44, 45			8,598		(7,534)		1,064
Transfer between other reserves and retained earnings	45				22,596	(22,596)		0
Acquisitions, disposals, liquidation and movement in participating interest	45				88	(454)	(970)	(1,336)
Other movements	45					(185)		(185)
Balance as at 31 December 2011		**1,092,998**	**2,953,355**	**(192)**	**(145,587)**	**(5,975,641)**	**135,230**	**(1,939,837)**
Opening balance as at 1 January 2012		**1,092,998**	**2,953,355**	**(192)**	**(145,587)**	**(5,975,641)**	**135,230**	**(1,939,837)**
Other comprehensive income for the year, net of tax	18, 45				131,274		(127)	131,147
Results after tax for the year 2012	45					(500,303)	(8,939)	(509,242)
Total recognised income for the year 2012		**0**	**0**	**0**	**131,274**	**(500,303)**	**(9,066)**	**(378,094)**
Prior year dividends of ordinary shares							(250)	(250)
Issue of preference shares	44, 45					(23)		(23)
(Purchases)/sales of treasury shares	44, 45			156		215		372
Transfer between other reserves and retained earnings	45				19,427	(19,427)		0
Acquisitions, disposals, absorbtions, liquidation and movement in participating interest	45				(467)	245	2,551	2,329
Balance as at 31 December 2012		**1,092,998**	**2,953,355**	**(36)**	**4,647**	**(6,494,932)**	**128,465**	**(2,315,504)**

The notes on pages F-50 to F-151 are integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

	Note	From January 1st to 31 December 2012	31 December 2011
Cash flows from operating activities from continuing operations			
Profit/(Loss) before tax		(1,185,367)	(7,516,151)
Adjustments to profit/(loss) before tax:			
Add: provisions and impairment	24, 40	2,522,126	7,883,647
Add: depreciation and amortisation charge	29, 30	105,388	96,720
Add: retirement benefits	42	20,369	34,925
(Gains)/losses from valuation of trading securities and financial instruments at fair value through profit or loss		(141,182)	195,472
(Gains)/losses from investing activities		(744,539)	124,766
Cash flows from operating profits before changes in operating assets and liabilities		**576,796**	**819,380**
Changes in operating assets and liabilities:			
Net (increase)/decrease in cash and balances with Central Banks		(698,826)	(81,375)
Net (increase)/decrease in trading securities and financial instruments at fair value through profit or loss		(129,873)	(22,781)
Net (increase)/decrease in debt securities—receivables		288,725	(989,120)
Net (increase)/decrease in loans and advances to credit institutions		17,584	6,269
Net (increase)/decrease in loans and advances to customers		(103,875)	1,116,962
Net (increase)/decrease in reverse repos with customers		21,471	898,005
Net (increase)/decrease in other assets		(75,819)	(133,291)
Net increase/(decrease) in amounts due to credit institutions		104,018	5,532,488
Net increase/(decrease) in liabilities at fair value through profit or loss		3,478	(290,389)
Net increase/(decrease) in amounts due to customers		(2,101,866)	(6,796,295)
Net increase/(decrease) in other liabilities		146,697	(256,712)
Net cash from operating activities before income tax payment		(1,951,491)	(196,857)
Income tax paid (including tax contribution)		(16,865)	(62,328)
Net cash inflow/(outflow) from continuing operating activities		**(1,968,356)**	**(259,185)**
Cash flows from investing activities of continuing operations			
Purchases of property, plant and equipment	30, 31	(193,703)	(186,529)
Sales of property, plant and equipment		31,561	46,264
Purchases of intangible assets	29	(128,608)	(24,730)
Purchases of assets held for sale	32	(4,484)	(10,362)
Sales of assets held for sale		4,136	6,841
Purchases of investment securities		(9,914,442)	(5,487,416)
Disposals/maturity of investment securities		11,303,779	4,814,694
Acquisition of subsidiaries (net of cash & cash equivalents acquired)	49	515,637	(3,818)
Disposals of subsidiaries (net of cash & cash equivalents disposed)		(84,427)	45
Acquisition and participation in share capital increases of associates	49	(1,453)	(46,156)
Disposal of associates	49	—	698
Dividends received		6,513	4,329
Net cash inflow/(outflow) from continuing investing activities		**1,534,509**	**(886,141)**
Cash flows from financing activities of continuing operations			
Net proceeds from issue/(repayment) of debt securities and other borrowed funds		(660,587)	(1,403,173)
Increase of share capital through cash payment		—	753,980
Net proceeds from issue of preference shares		—	375,820
Payment of prior year dividends		(252)	(1)
(Purchases)/sales of treasury shares and preemption rights		289	1,064
Other cash flows from financing activities		17,388	19,354
Net cash inflow/(outflow) from continuing financing activities		**(643,162)**	**(252,956)**
Effect of exchange rate changes on cash and cash equivalents		(6,103)	9,883
Net increase/(decrease) in cash and cash equivalents of the year from continuing activities (A)		**(1,083,113)**	**(1,388,400)**
Net cash flows from discontinued operating activities		(6,018)	17,835
Net cash flows from discontinued investing activities		16,983	16,643
Net cash flows from discontinued financing activities		85	126
Effect of exhange rate changes on cash and cash equivalents		265	—
Net incease/(decrease) in cash and cash equivalents of the year from discontinued activities (B)		**11,315**	**34,605**
Cash and cash equivalents at the beginning of the year (C)	47	**2,681,134**	**4,034,929**
Cash and cash equivalents at the acquisition date, of assets and liabilities of former ATEbank S.A. and its subsidiaries (D)		863,748	—
Cash and cash equivalents at the end of the year (A)+(B)+(C)+(D)	47	**2,473,084**	**2,681,134**

The notes on pages F-50 to F-151 are integral part of these consolidated financial statements.

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 societés 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 18,872 people of which 275 people, refer to discontinued operations (ATE Insurance S.A., 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 (Banks, Large Cap), FTSE/ATHEX-CSE Banking Index, FTSE (Greece Small Cap, RAFI All World 3000 & Developed Small, Med 100), MSCI (World Small Cap, Europe Small Cap, Greece Small Cap), Euro Stoxx (All Europe, TMI, Sustainability) and S&P (Global BMI, Europe Developed BMI).

2. General accounting policies of the Group

The accounting policies applied by Piraeus Bank Group in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all annual periods presented.

2.1 Basis of preparation of the consolidated financial statements

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

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 amounts of the year 2012 are not comparable with the figures of the year 2011, as Piraeus Bank Group, during the year 2012, acquired: a) healthy assets and liabilities of the former ATEbank S.A. and its subsidiaries and b) the Geniki Bank Group S.A.

The main principle for the preparation of the consolidated financial statements is the historical cost convention, as modified by the revaluation of the available for sale portfolio, financial assets and liabilities of the trading portfolio, derivative financial instruments, as well as investment property. The preparation of the financial statements in conformity with IFRS requires the use of estimates, accounting policies and assumptions which affect the reported assets and liabilities, the recognition of contingent liabilities, as well as the recognition of income and expenses in the consolidated financial statements.

The Group has incurred substantial impairment losses as a result of the Hellenic Republic's debt restructuring ("PSI"). Such losses had a respective impact on the accounting and regulatory capital of the Group as at 31 December 2012, as explained in note 4 "Critical accounting estimates and judgements of the Group".

The Hellenic Financial Stability Fund's (HFSF) commitment of 20 April 2012, after the relevant application submitted by the Bank, for its participation in the planned share capital increase, began to be implemented on 28 May 2012 in the form of an advance that took place through the transfer of EFSF bonds from the HFSF of total nominal value € 4.7 billion. Furthermore, on December 21st 2012, the HFSF provided an additional Capital Advance of € 1.5 billion and a Commitment Letter of € 1.1 billion for its participation in the recapitalisation program of Piraeus Bank (Share Capital Increase and Convertible Bonds). Hence, the total Capital Advances and the Commitment Letter that

2. General accounting policies of the Group (Continued)

HFSF has provided to Piraeus Bank amount to € 7.3 billion, which corresponds to the Bank's total capital needs, as they were defined by the Bank of Greece (plus € 570 million for ATEbank S.A.).

Piraeus Bank Group is affected by the ongoing economic variability and the increased volatility of the global financial markets and is exposed to risks that could potentially arise in other financial institutions, mainly due to the debt crisis in peripheral Eurozone countries.

The economic situation in Greece, though improving fiscally, still remains the main risk factor for the Greek banking sector in general. Negative developments in this area may significantly affect the Bank's liquidity, the quality of its loan portfolio, its profitability, and ultimately, its capital adequacy.

Greece's public debt sustainability consists an additional risk factor for the Greek banking system, while the Eurogroup's decisions of December 2012 aimed at significantly reducing it. Moreover, the country's economic adjustment programme continues to entail a significant execution risk. At the same time, both the risks of a deceleration in the global economic growth and of the debt crisis in other peripheral European economies are also added to the external factors of uncertainty.

Despite the uncertainties and the risks existing in the Greek banking system, the following factors provide support to the economy and the Greek banking sector and shall therefore be taken into consideration:

- The participation of the HFSF and the Bank of Greece in the recapitalisation program and in the restructuring of the Greek banking sector.
- The availability of additional capital, in case that is required for the further recapitalisation of the greek banks.
- The financial support mechanism from the International Monetary Fund as well as from the European Union.
- The capability to raise liquidity through the Eurosystem.
- The intention of Greek Authorities to strengthen the greek economy.
- The strengthening of the Group's position in the banking sector and the enhancement of its funding access, through the acquisition of selected assets and liabilities of ATEbank, the acquisition of Geniki Bank and of the acquisition of the acquisition of the Greek operations of Cypriot banks in Greece.

Taking into consideration the above factors, Piraeus Bank's Management estimates that: a) the recapitalisation process will be succefully completed during the second quarter of 2013 and within the timetable that will be agreed again between the Bank, the Bank of Greece and the HFSF and b) that the Group will continue in operational existence for the foreseeable future. Accordingly, the annual consolidated financial statements have been prepared on a going concern basis.

(A) The following amendments to IFRSs that have been issued by the International Accounting Standards Board, have been endorsed by the E.U. and they are effective from 1.1.2012:

– **IFRS 7 (Amendment), "Financial Instruments: Disclosures—Transfers of Financial Assets" (effective for annual periods beginning on or after 1 July 2011).** The amendment enhances existing required disclosures for transferred financial assets that are not derecognized in their entirety and requires additional disclosures on the entity's continuing involvement in derecognized assets. The application of this amendment does not have an effect on the annual consolidated financial statements.

– **IFRS 1 (Amendment), "Severe Hyperinflation and Removal of Fixed Dates for First Time Adopters" (effective for annual periods beginning on or after 1 July 2011).** The amendment enables first time adopters of IFRSs to measure all assets and liabilities held before the functional currency normalization date, at fair value on the date of transition to IFRSs, and use

2. General accounting policies of the Group (Continued)

that fair value as the deemed cost of those assets and liabilities in the opening IFRS statement of financial position. The application of this amendment does not have an effect on the annual consolidated financial statements.

(B) The following new IFRSs, interpretations and amendments have been issued by the International Accounting Standards Board and have been endorsed by the E.U. up to the end of 2012. They are not effective in 2012 and they have not been early adopted by the Group:

- **IAS 12 (Amendment), "Income Taxes" (effective for annual periods beginning on or after 1 January 2013).** Amendments to IAS 12 were issued to provide guidance namely to the measurement of deferred tax on: a) investment property measured at fair value and b) property, plant and equipment measured using the revaluation model in IAS 16. In both cases, deferred tax is required to be measured using the rebuttable presumption that the carrying amount of the underlying asset will be recovered through sale.
- **IAS 19 (Amendment), "Employee Benefits" (effective for annual periods beginning on or after 1 January 2013).** The amendment removes the corridor mechanism and the concept of expected returns on plan assets. Actuarial gains and losses will be recognized in other comprehensive income as they occur. Plan assets will produce a credit to income based on corporate bond yields irrespective of the actual composition of assets held.
- **IAS 1 (Amendment), "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 July 2012).** The amendment requires entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. If the items are presented before tax, then the tax related to the two groups of other comprehensive income items (those that might be reclassified and those that will not be reclassified) must be shown separately.
- **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.

2. General accounting policies of the Group (Continued)

– **IFRS 13, "Fair Value Measurement" (effective for annual periods beginning on or after 1 January 2013).** IFRS 13 defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements.

– **IFRIC Interpretation 20, "Stripping Costs in the Production Phase of a Surface Mine" (effective for annual periods beginning on or after 1 January 2013).** This interpretation provides guidance for the accounting of waste removal costs that are incurred in surface mining activity during the production phase of a mine ("production stripping costs").

– **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 shall be applied retrospectively.

– **IFRS 7 (Amendment), "Financial Instruments: Disclosures—Offsetting Financial Assets and Financial Liabilities" (effective for annual periods beginning on or after 1 January 2013).** Amendments to IFRS 7 were issued in December 2011 to require additional disclosures that will enable users of financial statements to evaluate the effect of netting arrangements.

(C) The following new IFRSs and amendments have been issued by the International Accounting Standards Board but they have not been endorsed by the E.U. up to the end of 2012 and they have not been adopted by the Group:

– **IFRS 9, "Financial Instruments" (effective for annual periods beginning on or after 1 January 2015).** IFRS 9 was published in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets.

– **IFRS 9 (Amendment), "Financial Instruments" (effective for annual periods beginning on or after 1 January 2015).** Amendments to IFRS 9 were issued to address financial liabilities.

– **IFRS 9 and IFRS 7 (Amendments), "Mandatory Effective Date and Transition Disclosures" (effective for annual periods beginning on or after 1 January 2015).** The amendment to IFRS 9 requires entities to apply IFRS 9 for annual periods beginning on or after 1 January 2015. The amendment to IFRS 7 requires additional disclosures on the transition from IAS 39 to IFRS 9.

– **IFRS 1 (Amendments), "Government Loans" (effective for annual periods beginning on or after 1 January 2013).** The amendment issued in March 2012, adds an exception to the retrospective application of IFRSs to require that first-time adopters apply the requirements in IFRS 9 and IAS 20 prospectively to government loans existing at the date of transition to IFRSs. Earlier application is permitted.

– **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 2013).** 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, as well as new disclosure requirements for investment entities in IFRS 12 and IAS 27.

Improvements to IFRSs (May 2012)

– **IFRS 1 (Amendment), "First Time Adoption of International Financial Reporting Standards" (effective for annual periods beginning on or after 1 January 2013).** The amendment clarifies

2. General accounting policies of the Group (Continued)

the accounting for re-application of IFRS for entities that have stopped applying IFRS in the past and choose or are required to apply IFRS again.

- **IAS 1 (Amendment), "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 January 2013).** The amendment requires notes to the financial statements when additional comparative periods are voluntarily presented.
- **IAS 16 (Amendment), "Property, Plant and Equipment" (effective for annual periods beginning on or after 1 January 2013).** The amendment provides guidance for the classification of major spare parts and servicing equipment as property, plant and equipment.
- **IAS 32 (Amendment), "Financial Instruments: Presentation" (effective for annual periods beginning on or after 1 January 2013).** The amendment clarifies that taxes arising from distributions to holders of equity instruments are accounted for in accordance with IAS 12 "Income Taxes".
- **IAS 34 (Amendment), "Interim Financial Reporting" (effective for annual periods beginning on or after 1 January 2013).** The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities to enhance consistency with IFRS 8 "Operating Segments" and to ensure that interim disclosures are aligned with annual disclosures.

2.2 Consolidation

The consolidated financial statements include the parent company, its subsidiaries and its associates.

A. Investments in Subsidiaries

Subsidiaries are all entities over which the parent company has control directly or indirectly through other Group subsidiaries by holding more than 50% of the voting rights. Control also exists when the parent company owns half or less of the voting power of an entity when there is:

(a) power over more than half of the voting rights by virtue of an agreement with other investors;

(b) power to govern the financial and operating policies of the entity under a statute or an agreement;

(c) power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body; or

(d) power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body.

The existence and effect of potential voting rights that are currently exercisable or convertible are also considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and they are de-consolidated from the date that control ceases. The Group reassesses consolidation status at least at every quarterly reporting date.

Special purpose entities controlled by the Group are consolidated. Even if there is no shareholder relationship, special purpose entities (SPEs) are consolidated in accordance with SIC Interpretation 12, if the Group controls them from an economic perspective. When assessing whether the Group controls a SPE in addition to the criteria in IAS 27 it evaluates a range of factors, including whether:

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

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

2. General accounting policies of the Group (Continued)

(c) the Group obtains the majority of the benefits of the SPE's activities and therefore may be exposed to risks arising from SPE's activities.

(d) the Group retains the majority of the residual or ownership risks related to the SPE or its assets in order to obtain the benefits from its activities.

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

– significant changes in the ownership of the SPE,

– changes in the contractual arrangements of the SPE,

– changes in the financing structure of the SPE.

All acquisitions are accounted for using the acquisition method as per IFRS 3 from the date the Group effectively obtains control. For business combinations, the Group recognises and measures goodwill as the difference of (a) over (b) below:

(a) the aggregate of:

i. the consideration transferred measured at fair value and the value of any non-controlling interest in the acquiree; and

ii. in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.

(b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured at their acquisition date fair values.

Non controlling interests are measured on the date of acquisition either at their proportionate interest in their identifiable assets or at fair value.

In case of a bargain purchase, that is when the aggregate of the consideration as defined in (a) above is less than the fair value of the net identifiable assets as defined in (b) above, the Group recognizes the resulting gain in profit or loss on the acquisition date.

The Group accounts for acquisition-related costs as expenses in the periods in which the costs are incurred and the services are received, Acquisition related costs are the costs the acquirer incurs to effect a business combination. These costs may include advisory, legal, accounting, valuation, other professional or consulting fees, costs of registering and issuing debt and equity securities.

When control is lost, any investment retained by the Group in the former subsidiary shall be accounted for in accordance with other IFRSs from the date. The fair value of the investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of a financial asset in accordance with IAS 39. The Group also discloses the gain or loss attributable to the recognition of an investment at its fair value.

Intercompany transactions, intercompany balances as well as unrealized gains/losses on transactions between Group companies are eliminated in full on consolidation.

Assets held in an agency or fiduciary capacity are not assets of the Group and are not included in the Group's consolidated balance sheet.

The Group subsidiaries follow the same accounting policies adopted by the Group.

B. Transactions and minority interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners).

2. General accounting policies of the Group (Continued)

Any difference between the amount by which minority interest is adjusted and the fair value of the consideration paid or received, is recognised directly in equity attributable to shareholders.

However, when these transactions result in loss of control of a subsidiary, the Group recognises a gain or loss on disposal in profit or loss.

C. Investments in associates

Associates are all entities over which the Group has significant influence (according to IAS 28) but not a controlling interest. Significant influence is generally presumed when the Group holds between 20% and 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether the Group has significant influence.

Investments in associates are consolidated using the equity method of accounting. Associates are initially recognised in the Statement of Financial Position at cost and the carrying amount is increased or decreased to recognize the Group's share of profit or loss of the investee after the date of acquisition. They represent the fair value of the Group's share in the associates' net assets, which includes goodwill identified on acquisition (net of any accumulated impairment loss). The Group assesses, at each reporting date, whether trigger for impairment exists for an investment in associate. If any such trigger exists, the recoverable amount of the investment is estimated. Where the carrying amount (goodwill is included) of the investment exceeds its recoverable amount, then the carrying amount is written down to its recoverable amount.

The Group's share of its associates' post acquisition financial results is recognised in the income statement, and the share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment in associates. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Profits and losses from "upstream" and "downstream" transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

Associates' accounting policies have been changed where necessary to conform to the accounting policies adopted by the Group.

Gains and losses arising on partial disposals of investments in associates are recognised in the income statement. On loss of significant influence of an associate, the Group measures at fair value any retained investment. The difference between the carrying amount of the investment and its fair value at the date of loss of significant influence shall be recognized in profit or loss. The fair value of the investment when it ceases to be an associate shall be regarded as its fair value on initial recognition as a financial asset with IAS 39.

2.3 Foreign Currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in euro, which is Piraeus Bank's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Non monetary items in foreign

2. General accounting policies of the Group (Continued)

currencies, except for those valued at fair values, are measured in terms of historical cost and are translated into the functional currency using the exchange rate at the date of the transaction.

(c) Group companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation as follows: profit and loss items are translated into euro according to the average year exchange rates of the measurement currencies against the euro, while assets and liabilities of the foreign subsidiaries are translated according to the exchange rate prevailing on the balance sheet date of the consolidated financial statements. The net assets of the foreign subsidiary are translated according to the historical rate.

Exchange differences resulting from the translation of the foreign subsidiaries financial statements, such as differences arising from translating income and expenses at average rates for the period and assets and liabilities at closing rates as well as differences arising from the translation of opening net assets at a closing rate that differs from the previous closing rate, are transferred directly to equity in the currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings and other currency instruments designated as hedges of such investments, are recorded in shareholders' equity. When a foreign subsidiary is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.4 Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments both for profit-making, hedging purposes as well as the service of its clients needs. Derivative financial instruments held by the Group include Swaps, Forwards, Futures and Options.

Swaps are contractual agreements between two parties (over the counter) to exchange cash flows due to movements in interest rates, foreign exchange, equity indices, commodity prices (e.g. fuel prices) and in the case of credit default swaps to make payments with respect to defined credit events based on notional amounts.

Forwards are contractual agreements between two parties (over the counter) to purchase a currency against another or to exchange interest rate cash flows at a specified price and date in the future.

Futures are contractual obligations to receive or pay a net amount based on changes in the price/rate of the underlying financial instrument. Futures are transacted in standardized amounts on regulated exchanges and are subject to daily cash margin requirements.

Options are contractual agreements that convey the right but not the obligation for the purchaser to buy or sell a specified amount of a financial instrument or a currency, at a fixed price or rate, at a future date. Options can be either exchange traded or over the counter (OTC).

The notional amounts of derivative financial instruments do not necessarily indicate the amounts of future cash flows involved or the current fair value of the underlying instruments and therefore do not indicate the Bank's exposure to credit, market or liquidity risk. The notional amount is the amount of the derivative's underlying instrument and is the basis for the measurement of derivative fair values. Fair value changes are determined by fluctuations in the price or the rate of the underlying instrument and reflect the amount to be paid (liability) or received (asset).

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into (trade date) and are subsequently remeasured at fair values on a

2. General accounting policies of the Group (Continued)

daily basis. At initiation, the fair value is usually small or nil. Fair values are obtained from quoted market prices in active markets and option pricing models, where market prices are not available. Changes in the fair values of derivative financial instruments are included in net trading income. Derivatives are presented in assets when fair value is positive and in liabilities when fair value is negative.

Derivatives embedded in other financial instruments are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement.

Hedge accounting

The Group has adopted a hedge accounting policy according to the requirements of the revised IAS 39. The following, according to the requirements of the revised IAS 39, must be met in order for a hedge relationship to qualify for hedge accounting:

- The hedge should be effective at initiation.
- Ability to calculate the hedge effectiveness. The hedge effectiveness should be between 80%–125% at all times. Hedge effectiveness is calculated in all cases; even when the terms of the hedging instrument and the hedged item are matched.
- Detailed documentation must be in place for all recognised hedging relationships (hedging instrument, hedged item, hedging strategy and scope of hedging relationship).

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: a) hedges of the fair value of recognised assets or liabilities or, b) hedges of highly probable future cash flows attributable to a recognised asset or liability.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as the risk management objective and strategy for undertaking various hedge transactions. The Group also controls both at hedge inception and on an ongoing basis the hedge effectiveness of the hedging transaction.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used, is amortised to profit or loss over the period to maturity. The adjustment to the carrying amount of a hedged equity security is recorded in profit and loss accounts at its disposal.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled to the income statement in the periods during which the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any accumulated gain or loss in equity at that time remains in equity and is recognised when the expected transaction is ultimately recognised in the income statement. When a

2. General accounting policies of the Group (Continued)

future transaction is no longer expected to occur, the accumulated gain or loss in equity is immediately transferred to the income statement.

(iii) Net investment hedge

Hedges of net investments in foreign subsidiaries are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign subsidiary is disposed of.

(iv) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of such derivative instruments are recognised immediately in the income statement.

2.5 Recognition of deferred day one profit and loss

The best evidence of fair value at initial recognition of a financial instrument is the transaction price (i.e. the fair value of the consideration paid or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions for the same instrument or based on a valuation technique whose variables include only data from observable markets.

The Group has entered into transactions where fair value is determined using valuation models including variables not all of which are prices or interest rates of the market. Such a financial instrument is initially recognised at the transaction price, which is the best indicator of fair value, although the value obtained from the relevant valuation model may differ. The difference between the transaction price and the model value, commonly referred to as 'day one profit and loss', is not recognised immediately in profit and loss.

The timing of recognition of "deferred day one profit and loss" is determined individually. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market inputs, or realised through settlement. The financial instrument is subsequently measured at fair value, adjusted for the "deferred day one profit and loss". Subsequent changes in fair value are recognised immediately in the income statement without reversal of "deferred day one profits and losses".

2.6 Interest income and expense

Interest income and expense is recognised on an accrual basis in the income statement for all interest bearing balance sheet items according to the effective interest rate.

The effective interest rate exactly discounts any estimated future payment or proceeds throughout the life of a financial instrument or until the next date of interest reset, in order for the present value of all future cash flows to be equal to the carrying amount of the financial instrument, including any fees or transaction costs incurred.

Impaired loans are recorded at their recoverable amounts and therefore, interest income is recognised according to the effective interest rate used for the discounting of the cash flows for the impairment exercise.

2.7 Fees and commission income and expense

Commission income and expense is recognized on an accrual basis when the relevant services are provided to the Bank's clients or to the Group.

2. General accounting policies of the Group (Continued)

Fees, either income or expense, relating to financial instruments at amortized cost, such as loans, are deferred and recognized in the Income Statement as interest income or expense throughout the life of the instrument using the effective interest rate method.

Loan syndication fees are recognised as revenue when the syndication has been completed and the Group retains no part on the loan package for itself or retains part at the same effective interest rate as well as the other participants. Commission and fees arising from negotiating or participating in the negotiation of a transaction for a third party—such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses—are recognised on completion of the underlying transaction.

2.8 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.9 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss category comprise of:

(a) Trading securities which include financial instruments that are acquired for the purpose of selling in the near term or they form part of a portfolio of financial instruments that are managed together and for which there is evidence of short term profit making pattern and

(b) Financial assets designated at fair value through profit or loss at inception (e.g. asset swaps) when:

- this will reduce measurement inconsistencies that would otherwise arise if the underlying financial instruments were carried at amortised cost and the related derivatives were treated as held for trading or,
- the financial assets are part of a portfolio of financial instruments which is risk managed and reported to senior management on a fair value basis or,
- they contain embedded derivatives that significantly affect the cash flows.

Financial assets at fair value through profit or loss are initially recognised at fair value and they are subsequently measured at fair value according to current market prices. Any transaction costs are expensed in the income statement.

All realised gains/losses from the sale of trading securities, as well as the non-realised gains and losses from their measurement at fair value, are included in "Net trading income". All realised gains/losses from the sale of financial assets designated at fair value through profit or loss as well as the non-realised gains and losses from their measurement at fair value, are included in "Net income from financial instruments designated at fair value through profit or loss".

Purchases and sales of financial assets at fair value through profit or loss are recognized on a trade date basis, which is the date on which the Group is committed to the purchase or sale of those securities. The Group derecognises the financial assets when the existence of the control of the contractual rights related to these financial assets ceases. The cessation of the control of the contractual rights occurs when the financial asset is sold, expired or written-off, or when all related cash flows are transferred to a third party. Interest income from the maintenance of trading securities is recorded to "Interest and similar income". Dividends received are included in "Dividend Income".

2.10 Sale and repurchase agreements and securities lending

Securities sold subject to repurchase agreements (repos) are reclassified in the financial statements as pledged assets when the transferee has the right by contract to sell or repledge the collateral; the counterparty liability is included in amounts "Due to credit institutions" or "Due to customers", as appropriate.

2. General accounting policies of the Group (Continued)

Securities purchased under agreements to resell (reverse repos) are recorded as "Reverse repos with customers". "Reverse repos with customers" are carried at amortised cost using the effective interest rate method.

The difference between sale and purchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

Securities transferred to counterparties by the Group are presented in the Group's financial statements as assets, in the case that the Group retains substantially all the risks and rewards of ownership of these securities.

Securities transferred to the Group by counterparties are not recognized in the Group's financial statements, unless these securities can be sold by the Group to third parties. In that case, the gain or loss is included in net trading income. The obligation to return these securities is recorded at fair value.

2.11 Investment portfolio

A. Held to maturity portfolio

The held to maturity portfolio is the portfolio that the Group has the positive intent and ability to hold until maturity. Held to maturity investments are initially recognized at fair value (plus any transaction costs) and subsequently are carried at amortised cost using the effective interest rate method, less any provision for impairment. Moreover, held to maturity investments are reviewed for impairment, that is whether their carrying amount is greater than their estimated recoverable amount.

The amount for the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial asset's initial effective interest rate. Impairment losses are recognised in the Income Statement. The objective evidence that a held to maturity investment has been impaired or it is non collectable is stated in section 2.13.

If part of the held to maturity portfolio is sold or reclassified before maturity date, then the entire held to maturity portfolio must be reclassified to the available for sale portfolio (unless IAS 39 criteria are met) at its fair value. On such reclassification, the difference between the carrying amount and fair value shall be recorded in the available for sale reserve. In addition, the Group will not be able to classify any financial assets as held to maturity for the next two years.

Under regular circumstances, purchases and sales of held to maturity securities are recognised on the transaction date, which is the date that the Group commits to purchase or sale the asset. Held to maturity investments are derecognized when either the ability to receive cash flows has ceased or the Group has transferred substantially the risks and rewards to third parties.

B. Available for sale portfolio

Available for sale portfolio includes those investments intended to be held for an indefinite period of time and which may be sold in response to needs of liquidity or changes in interest rates, exchange rates or equity prices. The classification of investments as available for sale is not binding and as a result the subsequent reclassification to the held to maturity portfolio is permitted.

Regular way purchases and sales of available for sale securities are recognised at the transaction date, meaning the date on which the Group commits to purchase or sale the asset.

Securities of the available for sale portfolio are initially recognised at fair value (plus transaction costs directly attributable to the acquisition of the financial asset) and subsequently carried at fair value according to current bid prices or valuation pricing models, in case the market prices are not available (in accordance with IAS 39 provisions). The non realised gains or losses arising from changes in the fair value of the aforementioned securities are recognised directly in equity (available for sale reserve).

2. General accounting policies of the Group (Continued)

When securities of the available for sale portfolio are disposed of, all cumulative gains or losses previously recognised in equity are recognised in the Income Statement.

Securities of the available for sale portfolio are derecognised when the ability to receive cash flows has ceased or the Group has transferred substantially all risks and rewards to third parties.

The Group reviews at each reporting date whether there is an indication of permanent impairment (significant or prolonged decreases in fair value) for the available for sale securities based on several pricing models. For the shares of the available for sale portfolio, these models include the Price-to-Book Value ratio (P/BV), the Price-to-Earnings per share ratio (P/E) or the deviation from market value for listed shares. In case that there is an indication of impairment, the Group thoroughly examines the ability to recover the acquisition cost of the shares based on the historic volatility of each individual share.

When there is objective evidence that an available for sale asset is impaired, the cumulative loss that has been recognised directly in equity is recycled to profit or loss. This cumulative loss is the difference between the acquisition cost and current fair value less any impairment loss on that financial asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale cannot be reversed through profit or loss. Impairment losses for a debt instrument that is classified as available for sale, can be reversed in profit or loss when the increase in fair value of this debt instrument can be objectively related to an event that occurred after the initial recognition of the impairment loss in profit or loss.

2.12 Reclassification of financial assets

Reclassification of non-derivative financial assets out of the "Held for trading" category to investments "Held to maturity" category or "Available-for-sale" category is permitted only in rare circumstances, provided that the financial assets meet the definition of this category at the date of reclassification and the financial assets are no longer held for sale in the foreseeable future.

Reclassification of financial assets out of the "Held for trading" category or "Available-for-sale" category to "Loans and receivables" category is permitted, provided that the financial assets meet the definition of this category at the date of reclassification and the Group has the intention and ability to hold the financial assets for the foreseeable future or until maturity. The Group has established the following guideline for what constitutes foreseeable future at the time of reclassification:

– the business plan should not be to profit from short term movements in prices,

– there should be no intent to dispose the asset within six months and

– there must be no internal or external restriction on the Group's ability to hold the asset.

Reclassification of financial assets out of the "Available-for-sale" category to the "Held to maturity" category is permitted, provided that the financial assets meet the definition of this category at the date of reclassification and the Group has the intention and ability to hold the financial assets until maturity.

For financial assets reclassified as described above (with the exception of the reclassification of financial assets out of the "Held for trading" category to "Available-for-sale" category), the fair value at the date of reclassification becomes the new amortized cost at that date. Any gain or loss recognised in profit or loss or the available-for-sale reserve until the date of reclassification shall not be reversed. The new effective interest rate of the financial assets reclassified to "Loans and receivables" category and "held to maturity" category is calculated based on the expected cash flows at the date of the reclassification.

If, as a result of a change in intention or ability, it is no longer appropriate to classify an investment as held to maturity, it shall be reclassified as available for sale and remeasured at fair value,

2. General accounting policies of the Group (Continued)

and the difference between its carrying amount and fair value shall be recorded in the available for sale reserve.

2.13 Loans and advances to customers

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

i. financial assets which are classified as held for trading, and those designated upon initial recognition as at fair value through profit or loss;

ii. financial assets that the Group upon initial recognition designates as available for sale;

iii. financial assets for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans drown down by the Group are initially recognized at fair value (plus any transaction costs) and measured subsequently at amortized cost using the effective interest rate method. Interest on loans is included in the consolidated income statement and is reported as ''Interest and similar income''.

If there is objective evidence that the Group will not be in a position to receive all payments due, as defined by the contract of the loan, an impairment loss is recognised. The amount of the accumulated impairment loss is the difference between the carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate of the loan.

A receivable is subject to impairment when its carrying amount is greater than the expected recoverable amount. The term ''receivable'' includes loans and advances, letters of guarantee and letters of credit.

The Group assesses at each balance sheet date whether there is objective evidence that a loan or group of loans may be impaired. If such evidence exists, the recoverable amount of the loan or group of loans is estimated and an impairment loss is recognised. The amount of the loss is recognised in the Income Statement.

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

i. Significant financial difficulty of the issuer or the obligor.

ii. A breach of contract (i.e. default or delinquency in interest or principal payments).

iii. The Group granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider.

iv. It is becoming probable that the borrower will enter bankruptcy or financial reorganisation.

v. Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

   – Adverse changes in the payment status of borrowers in the group (i.e. increase in the number of delayed payments due to sector problems), or

   – National or local economic conditions that correlate with defaults on the assets in the group (i.e. increase in the unemployment rate for a geographical area of borrowers, decrease in the value of property placed as guarantee for the same geographical area, or unfavourable changes in the operating conditions of a sector, which affect the borrowers of this specific group).

The Group first assesses whether objective evidence of impairment exists individually for loans that are individually significant and collectively for loans that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed loan, whether

2. General accounting policies of the Group (Continued)

significant or not, it includes the loan in a group of loans with similar credit risk characteristics and collectively assesses them for impairment.

For the purpose of a collective evaluation of impairment, loans are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, and other relevant factors). These characteristics are relevant to the estimation of future cash flows for groups of loans by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

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

Estimates of changes in future cash flows for groups of loans reflect and are directionally consistent with changes in related data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses for the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group. When a loan is considered to be uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

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

Loans and customer receivables are derecognized when either the ability to receive cash flows has ceased or the Group has transferred substantially the risks and rewards to third parties.

Loans, whose terms have been renegotiated, are no longer considered to be past due and they are treated as performing loans for impairment test purposes.

2.14 Debt securities receivables

Debt securities receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

(a) those that the Group classifies as trading portfolio and those that the entity upon initial recognition designates at fair value through profit or loss;

(b) those that the Group upon initial recognition designates as available for sale; and

(c) those for which the holder may not recover substantially all of its initial investment for reasons other than credit deterioration.

Debt securities receivables are measured at amortised cost and tested for impairment.

2.15 Intangible assets

2.15.1 Goodwill

For business combinations, goodwill is measured as the difference of (a) and (b) below:

(a) The aggregate of:

i. the consideration transferred measured at fair value and the amount of any non-controlling interest in the acquiree; and

2. General accounting policies of the Group (Continued)

ii. in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.

(b) The net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured at their acquisition date fair values.

In case of a bargain purchase, that is when the aggregate of the consideration as defined in (a) above is less than the fair value of the net identifiable assets as defined in (b) above, the Group recognizes the resulting gain in profit or loss on the acquisition date. Before however recognising a gain on a bargain purchase, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognises any additional assets or liabilities that are identified in that review.

Goodwill on business combinations is recognized at cost as an intangible asset and it is reviewed for impairment on each balance sheet date. Gains and losses on the loss of control of a subsidiary include the carrying amount of goodwill relating to the subsidiary sold.

For the purpose of impairment testing, goodwill acquired is allocated to each of the acquirer's cash generating units. When an impairment loss is recognized for a cash generating unit, this loss first reduces the carrying amount of goodwill allocated to this cash generating unit and subsequently reduces pro rata the carrying value of the assets in that cash generating unit. An impairment loss recognized for goodwill is not reversed in a subsequent period, according to the requirements of IAS 36. Cash generating units are presented at the business segment note.

2.15.2 Software

Costs associated with the acquisition of software programs, which will probably generate economic benefits to the Group for more than one year, are recognised as intangible assets. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

On the contrary, expenditure which enhances or extends the performance of computer software programmes beyond their original specifications or software upgrade expenses are added to the original cost of the software, as long as they can be measured reliably.

Computer software is amortised in most cases over a period of 3-4 years, except from software of core IT applications, for which the useful lives are examined on an individual basis. The useful lives of software are reviewed and adjusted, if appropriate, at each balance sheet date.

Software is reviewed for impairment loss whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Whenever the recoverable amount is less than the carrying amount, software is impaired to its recoverable amount.

2.15.3 Other intangible assets

An intangible asset is recognized when it is expected that future economic benefits will be realized from its use.

The cost of the intangible asset also includes every directly attributable cost which is required for the full implementation, production and asset's proper operation. Some examples of directly attributable costs are:

– The staff cost which is directly identified and attributed to a particular intangible asset,

– Payments to outside vendors and collaborators, which are attributed to the intangible asset.

Other intangible assets also include intangible assets recognised through the purchase price allocation exercise for acquisitions of subsidiaries. Other intangible assets can include customer relationships, branch network, trademarks.

2. General accounting policies of the Group (Continued)

Other intangible assets are amortised in a period of 5-10 years, depending on the useful life of each asset. The useful lives of the other intangible assets are reviewed and adjusted, if appropriate, at each financial year-end.

Other intangible assets are reviewed for impairment loss whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Whenever the recoverable amount is less than their carrying amount, other intangible assets are impaired to their recoverable amount.

2.16 Property, plant and equipment

The Group holds property, plant and equipment for use in the supply of services or for administrative purposes. Property, plant and equipment includes: land, own-use buildings, leasehold improvements, furniture and other equipment, and transportation means.

Property, plant and equipment are measured at historical cost less accumulated depreciation and accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Property, plant and equipment are reviewed for impairment loss whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the value in use.

The Group applies IAS 23 "Borrowing costs", according to which borrowing costs are capitalised as part of the cost of a qualifying asset, as long as the requirements of IAS 23 are fulfilled. Specifically, the requirements of IAS 23 state that: a) the borrowing costs can be directly attributable to the acquisition, construction or production of a qualifying asset and b) the borrowing costs would have been avoided if the expenditure on the qualifying asset had not been made.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they incur.

Land is not depreciated. Depreciation on own property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

– Computer hardware: 3-5 years

– Leasehold improvements: the shorter of useful life and lease term

– Furniture and other equipment: 5-10 years

– Means of transportation: 6-9 years

– Own-use buildings: 25-50 years

Depreciation of an asset begins when it is available for use and ceases when the asset is derecognised. In the case where the asset is idle or retired from active use, it continues to be depreciated unless it has been fully depreciated.

The useful lives and the residual values of the tangible assets are reviewed and adjusted, if appropriate, at each financial year-end. Gains and losses on disposals are determined by comparing proceeds with carrying amount and they are included in the income statement.

2.17 Investment property

Property that is held for long-term rental yields or for capital appreciation or both and is not occupied by the Bank or Group subsidiaries is classified as investment property. Investment property

2. General accounting policies of the Group (Continued)

includes freehold land, freehold buildings or parts of buildings, land and buildings held under operating lease as well as buildings held under finance lease.

A property interest that is held by a lessee under an operating lease may be classified and accounted for as investment property if and only if the definition of investment property is met.

Investment property is measured initially at cost including related transaction costs. After initial recognition, investment property is carried at fair value, as this is estimated by an independent valuer. 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 asset. If this information is not available, the following valuation methods are used:

i. Comparables method: According to this method, the value of the property to be evaluated is defined by comparing properties with similar characteristics.

ii. Residual value: This method is applied mainly for the estimation of the value of bare land which is to be developed or property requiring renovation. All the costs of achieving the completed development as well as the expected profit are deducted from an estimate of the value of that completed development to arrive at the value of the site. The result of this deduction is the residual value of the property. Finally, the present value derives by applying the discounting factor to the residual value of the estimated property.

iii. Depreciated replacement cost method: Valuations based on Depreciated Replacement Cost Method are based on an estimate of the market value for the existing use of the land and the current gross replacement (reproduction) costs of the improvements, less allowances for physical deterioration and all relevant forms of obsolescence and optimisation. The two estimates, that are the one for the market value of land and the one for the reproduction cost less allowances for physical deterioration, are summed-up, resulting in the current value of the property under valuation.

iv. Profit method: The purpose of this method is to estimate the annual income to which an investor is entitled and then capitalise it by using an appropriate unit rate.

These valuations are reviewed annually by external independent valuers. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land and buildings classified as investment property.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial year in which they are incurred.

Changes in fair value are recognized in the income statement.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its new cost.

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

Investment property held for sale without redevelopment is classified as non-current assets held for sale according to IFRS 5.

2. General accounting policies of the Group (Continued)

2.18 Assets held for sale and Discontinued operations

Assets held for sale include non current assets that: a) are available for immediate sale at their present condition, b) their sale is highly probable, c) the appropriate level of management must be committed to a plan to sell and d) their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The sale of these non current assets must be completed within 12 months from their categorization in the "Non current assets held for sale and discontinued operations".

Assets held for sale are valued at the lower of their carrying amount and fair value less costs to sell. Assets held for sale are not depreciated. Gains/ losses from sale of these assets are recognized in the income statement.

A discontinued operation is a component of the Group, that either has been disposed of or is classified as held for sale, and

(a) represents a separate major line of business or geographical area of operations,

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or

(c) is a subsidiary acquired exclusively with a view to resale.

Assets and liabilities from discontinued operations are presented in a separate line in the consolidated balance sheet and they are not offset. Profit or loss after tax from discontinued operations is also presented in a separate line in the consolidated profit or loss statement. Comparatives in the consolidated profit or loss statement and in the consolidated cash flow statement are represented.

2.19 Inventories property

Inventories property includes land and buildings acquired by the Bank through auctions for the full or partial recovery of its receivables (if the requirements of IAS 40 are not fulfilled), as well as property owned by the Bank's subsidiaries that are sold in the normal course of business. These properties are accounted according to IAS 2 as inventory and are measured at the lower of cost and net realisable value. The cost of the property is determined using the weighted average cost method. The net realisable value is the estimated selling price, less any expenses necessary to conclude the sale.

2.20 Leases

A. The Group is the Lessee

Operating leases

Leases of fixed assets under which the lessor retains a significant portion of risks and rewards related to the leased assets, are recognised as operating leases. The Group does not recognise the leased asset in its financial statements.

Lease payments under an operating lease, are recognised as an expense in the Income Statement of the lessee on a straight line basis over the lease term.

Finance leases

Leases where the Group has substantially all the risks and rewards related to the asset are recognised as finance leases.

In case that the Group is the lessee under a finance lease, fixed assets are recognised as assets (in the respective category) and the respective obligation for the lease payments to the lessor as a liability on the balance sheet.

2. General accounting policies of the Group (Continued)

At the inception of the lease, leased fixed assets are recognised on the balance sheet at amounts equal to the fair value of the leased property or, if lower, at the present value of the future lease payments. Leased assets are depreciated over their useful life, if it is longer than the lease term, only if it is expected that the ownership of the leased assets will pass to the Group at the end of the lease term. Finance lease payments are apportioned between the capital element and the finance charge. The capital element is used as a reduction of the outstanding liability and the finance charge at the income statement is allocated to periods during the lease term.

B. The Group is the Lessor

Operating leases

In case that the Group is the lessor under an operating lease, the leased assets are stated and carried in the financial statements like the other—non leased assets- of similar nature. Lease income of the Group is recognised over the term of the lease.

Finance leases

In case that the Group is the lessor under a finance lease, the present value of the lease payments is recognised as a receivable in the balance sheet. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Rental receipts reduce the balance of the lease receivable and the interest income is recognised on an accrual basis.

C. Sale and leaseback transactions

A sale and leaseback transaction involves the sale of an asset and the leasing back of the same asset. The accounting treatment of a sale and leaseback transaction depends upon the type of the lease involved.

If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount of the asset is not immediately recognized as income by the seller-lessee but is deferred and amortized over the lease term.

If a sale and leaseback transaction results in an operating lease and it is clear that the transaction is established at fair value, any profit or loss is recognized immediately. If the sale price of the asset is different than its fair value, any profit or loss is recognized immediately. Exceptions to the rule include cases where the future lease payments are differentiated. So, if the resulting loss is compensated by lower future lease payments compared to market prices, then the loss is amortised over the period the asset is expected to be used. If the sale price is above fair value, the excess over fair value (profit) is deferred and amortized over the period the asset is expected to be used.

2.21 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition such as: cash, cash and balances with Central Banks, trading securities and loans and advances to credit institutions. Mandatory reserves with the Central Bank are not available for everyday use by the Group; therefore they are not included in balances with less than three months maturity.

2.22 Provisions

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

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised

2. General accounting policies of the Group (Continued)

even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as expense in the consolidated income statement.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation as of the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. The amount of the provisions raised is reassessed at each reporting date.

2.23 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss that incurs because a specified debtor failed to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given by banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. Subsequent to initial recognition, the Bank's liabilities under such guarantees are measured at the higher of: a) the initial measurement, less amortisation calculated to recognise in the income statement the accrued fee income earned on a straight line basis over the life of the guarantee and b) the best estimate of the expenditure required to settle any financial obligation arising at the balance sheet date. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgment of management.

Any change in the liability relating to guarantees is taken to the income statement.

2.24 Employee benefits

A. Funded post employment benefit plans

The pension schemes adopted by the Group are funded through payments to insurance companies or social security foundations.

The Group's pension obligations relate both to defined contribution plans as well as defined benefit plans.

For defined contribution plans, the Group pays contributions to publicly administered pension insurance funds (i.e. Social Security Foundation) and insurance companies; therefore the Group has no legal or constructive obligation to pay further contributions if the fund or the insurance companies do not hold sufficient assets to pay all employees the related benefits. The regular employee's contributions constitute net periodic costs for the year in which they are due and as such they are included in line "staff costs" of the Income Statement.

Defined benefit plans are pension plans that define an amount of benefits to be provided, usually as a function of one or more factors such as years of service, age and compensation. The difference between the defined contribution plans and the defined benefit plans is that in the defined benefit plans the employer is liable for the payment of the agreed benefits to the employee in case that the insurance funds – organizations can not undertake this obligation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the obligation at the balance sheet date less the fair value of plan assets, together with adjustments for possible unrecognised actuarial gains or losses and past service costs that have not been recognised yet.

2. General accounting policies of the Group (Continued)

The defined benefit obligation is calculated annually by independent qualified actuaries using the projected unit credit method.

Actuarial gains and losses

The Group uses the "10% corridor" approach for gains/losses and recognises the net cumulative actuarial gains/losses which exceeded the greater of: a) 10% of the net present value of the defined benefit obligation and b) 10% of the fair value of the plan assets. Actuarial gains and losses are debited or credited at the income statement based on the average remaining working lives of employees.

Past service costs

The Group chose to debit/credit the past service cost in the income statement during the average period until the benefits become vested.

B. Non funded post employment benefit plans

The Group provides non funded benefit plans to its retirees. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period.

The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for funded defined benefit pension plans. These obligations are valued annually by independent qualified actuaries.

C. Share based compensation

The fair value of the employee services received in exchange for the grant of the options under a share option scheme is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Non market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. The impact of the revision of original estimates is recognised, if any in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received from the issue of new shares, net of any directly attributable transaction cost, increase share capital and share premium when the options are exercised.

2.25 Income tax and deferred tax

Income tax payable on profits, based on the applicable tax rate, is recognised as an expense in the period in which profits arise. Deferred tax on carried forward tax losses is recognised as an asset, when it is probable that future taxable profits will be available so that these tax losses can be utilised against.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their corresponding carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation of property, plant and equipment, recognition of commission according to the effective interest rate, securities' valuation differences between the accounting and the tax base, revaluation of certain assets (such as investment property), impairment of receivables and securities, and retirement benefit obligations. Deferred tax assets are

2. General accounting policies of the Group (Continued)

recognised for all deductible temporary differences when it is probable that the temporary difference will reverse in the foreseeable future and when also taxable income will be available in the future against which the temporary difference can be utilised.

Deferred tax related to fair value remeasurement of: a) available-for-sale investments and b) cash flow hedges, is credited or charged directly to equity and is subsequently recognised in the income statement together with the deferred gain or loss.

The Group offsets deferred tax assets against deferred tax liabilities only when the relevant requirements of IAS 12 are fulfilled. Specifically, deferred tax assets and deferred tax liabilities are offset if, and only if: a) the Group subsidiaries have a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

2.26 Debt securities in issue, hybrid capital and other borrowed funds

Liabilities from the issuance of the debt securities, hybrid capital and other borrowed funds are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. Group's borrowed funds include: euro medium term note (EMTN), ETBA bonds, securitisation of mortgage, consumer and corporate loans, hybrid capital, subordinated loans and other securities.

Preference shares, which carry a mandatory coupon or are redeemable on a specific date or at the option of the shareholder, are classified as financial liabilities and they are presented in other borrowed funds. The dividends on these preference shares are recognised in the income statement as interest expense on an amortised cost basis using the effective interest method.

The fair value of the liability portion of a convertible bond into shares is determined using a market interest rate for an equivalent non – convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

If the Group purchases its own debt, it is removed from the balance sheet, and the difference between the carrying amount of a liability and the consideration paid is included in net trading income.

2.27 Other financial liabilities measured at amortised cost

Other financial liabilities which are measured at fair value upon initial recognition are subsequently measured at amortised cost and include deposits from banks and from customers.

2.28 Securitisation

The Group securitises financial assets. These assets are purchased by special purpose entities which in turn issue bonds to investors. The Group consolidates special purpose entities when it controls these entities. In such case, the bonds issued under the securitisation of financial assets are presented on balance sheet at their unamortized cost.

2.29 Share capital

Incremental costs directly attributable to the issue of share capital decrease equity.

Dividends on ordinary shares are recognized as a liability during the period in which they are approved by the Annual General Meeting of the Bank's Shareholders. Interim dividends are recognised as a deduction in the Group's equity when approved by the Board of Directors.

2. General accounting policies of the Group (Continued)

The cost of acquisition of treasury shares (including any attributable incremental transaction costs) is presented as a reduction in equity, until the treasury shares are cancelled or disposed of. The gains or losses from the sale of treasury shares are charged directly in equity. The number of treasury shares held by the Group does not reduce the number of shares issued. Treasury shares held by the Bank are not eligible to receive cash dividends.

Non-voting preference shares, issued according to article 1 of Law 3723/2008 for the "Reinforcement of the Greek economy's liquidity", were recognized in equity based on the issuance terms and the requirements of IAS 32. The distribution of dividend to holders of preference shares is recognized as a liability when the dividend becomes payable.

2.30 Related party transactions

Related parties include: a) members of the Bank's Board of Directors and key management personnel of the Bank, b) members of the Board of Directors/key management personnel of the most important Group Subsidiaries, c) close family and financially dependants (husbands, wives, children etc) of the Board of Directors members and key management personnel and d) companies having transactions with the Group, when the total cumulative participating interest in them (of members of Board of Directors, key Management personnel and their dependants/close family) exceeds 20%. Transactions of similar nature are disclosed together. The terms of the Bank's transactions with related parties are those that prevail in arm's length transactions and according to the financial procedures and policies of the Bank.

2.31 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to Executive Committee which is the Group's operating decision-maker, allocates resources to and assesses the performance of the operating segments.

All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated at a consolidated level.

The Group operates in four main business segments: Retail Banking, Corporate Banking, Investment Banking, and Asset Management & Treasury. Income and expenses directly associated with each segment are included in determining business segment performance.

2.32 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the Statement of Financial Position when, and only when, the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.33 Comparatives and roundings

Where necessary, the comparative figures of the previous year's consolidated financial statements have been adjusted in order to become comparable to the corresponding figures of the current year (see note 50).

Any differences, between the amounts of the consolidated financial statements and the relevant amounts presented in the notes, are due to roundings.

3. Financial Risk Management

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

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

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

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

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

3.1 Credit risk

3.1.1 Credit Risk Management Strategies & Procedures

Banking activity and the Group's profits are closely related to credit risk undertaking. Credit risk is the risk of financial loss for the Group that results when the debtors are in no position to fulfil their contractual/transactional obligations. Credit risk is considered the most significant for the Group, and its efficient monitoring and management constitutes a top priority for Management. The Group's overall exposure to credit risk mainly results from approved credit limits and financing of corporate and retail credit, from the Group's investment and transaction activities, from trading activities in the derivative markets, as well as from the settlement of transactions. The level of risk associated with any credit exposure depends on various factors, including the general economic and market conditions prevailing, the debtors' financial condition, the amount, the type, and duration of the exposure, as well as the presence of any collateral/security (guarantees).

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

The Bank's Board of Directors has assigned the executive responsibility for credit risk management to the Board's Group Risk Management Committee that monitors and evaluates the credit risk arising from the Group's everyday activities, while supervising the proper application and functionality of credit risk management policies. Under the Group Risk Management Division, a separate Credit Risk Management Division operates with its mission the continuous monitoring, measurement and control of the Group's credit risk exposures against enterprises, individuals, banks and central governments.

3. Financial Risk Management (Continued)

3.1.2 Credit risk measurement and reporting systems

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

a) Loans and advances

For credit risk measurement purposes involved in the Group's loans and advances at the counterparty level: (i) a customer's creditworthiness and the probability of defaulting on their contractual obligations is systematically assessed, (ii) the Group's exposure to credit risk arising from the claim is monitored and (iii) the Group's probability of potential recovery, in the event of the debtor defaulting on its obligations is estimated, based on existing collateral and security—guarantees provided. All these three credit risk measurement parameters are incorporated into the Group's day to day operations.

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

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

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

Corporate Credit

As far as Corporate Credit is concerned, the credit rating models applied depend on the type of operations and size of the enterprise. Piraeus Bank Group applies the Moody's Risk Advisor (MRA) borrower credit rating system for the assessment of credit risk that arises from loans to medium and large-sized enterprises. It should be noted that the MRA system has been used in domestic financial subsidiaries in Greece since 2005, while from 2006 its application has been extended to include the Group's major bank subsidiaries abroad (ESM—English Standard Model). The Bank has optimized the existing GSM (Greek Standard Model) version MRA credit rating model applicable to the corporate portfolio that concerns borrowers keeping class C accounting books with a turnover in excess of €2.5 mn. Furthermore, in the context of validating the existing MRA model (GSM) the Bank has also applied a new model for the corporate portfolio that concerns borrowers keeping class C accounting books with a turnover of up to €2.5 mn. Regarding small-sized enterprises, internally developed (in-house) rating systems, as well as scoring systems, are applied. The evaluation ability of all models applied is validated at least every six months. In accordance with the regulatory framework for credit institutions (Basel II), the Bank has developed and applies a distinct credit rating model for specialized lending that concerns sea-going shipping (object finance) that is currently under optimization.

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

3. Financial Risk Management (Continued)

Retail Credit

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

In addition in Piraeus Bank, the credit bureau scoring model of Teiresias S.A. is used, that takes into account the total of borrower exposures in the Greek market. The usage of the particular model has improved the performance of the existing models. All credit scoring models are validated at least semiannually.

(ii) Monitoring credit risk exposure

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

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

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

b) Securities and other bills

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

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

3.1.3 Credit limits management and risk mitigation techniques

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

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

3. Financial Risk Management (Continued)

Credit limits of the Group are set with an effective duration of up to twelve months and they are subject to annual or more frequent review. The responsible approval authorities may, in special circumstances, set a shorter duration than twelve months. The outstanding balances along with their corresponding limits are monitored on a daily basis, and any limit excesses are timely reported and dealt with accordingly.

The following paragraphs describe further techniques applied by the Group for credit risk control and mitigation.

a) Collateral/Security

The Group obtains collateral/security against its credit to customers, minimizing thus the overall credit risk and ensuring the timely repayment of its debt claims.

To this end, the Group has established categories of acceptable collateral and has incorporated them in its credit policy, the main types being the following:

– Pledged deposits and cheques

– Bank letters of guarantee

– Greek government guarantees

– Guarantees by the Credit Guarantee Fund for Small and Very Small Enterprises (TEMPME)

– Pledged financial instruments such as stocks, bonds, bills or mutual fund shares

– Mortgages on real estate property

– Ship mortgages

– Receivables

The collateral/security associated with a credit is initially evaluated during the credit approval process, based on their current or fair value, and reevaluated at regular intervals. In general, no collateral/security is required against exposures to financial institutions, unless it has to do with resale agreements (reverse repos) or other similar bond activities.

b) Derivatives

The Group systematically monitors and controls the exposure and duration of its net open positions in the derivative markets. On any given moment, the overall credit risk exposure of the Group to derivative products corresponds to the positive market value of its open positions, add any potential future exposure. Credit exposures arising from derivatives transactions are part of the overall credit limits set for any counterparty and are taken into consideration during the approval procedure. Usually, no guarantees or securities are taken against exposures in derivative products, except when the Group demands the application of a safety margin from a counterparty.

Piraeus Bank Group sets and systematically monitors for every counterparty, daily settlement limits.

c) Netting arrangements

In cases where there is the legal right and the expressed intention to net the amounts owed to the Group by a counterparty, the Group is entitled to proceed in netting a claim along with an associated obligation.

d) Credit-related commitments

The Group uses credit-related commitments to provide customers with funds as required. These credit-related commitments entail the same risk as the Group's loans and advances and mainly concern

3. Financial Risk Management (Continued)

letters of credit and letters of guarantee. The remaining duration of credit-related commitments is systematically analyzed and monitored, since in general, commitments with longer duration entail greater risk compared to those with shorter duration.

3.1.4 Impairment and provisioning policy

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

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

The Group, according to its IAS 39, considers the criteria stated in section 2.13 as reliable and objective evidence that a loan or group of loans has been impaired.

The estimation concerning the existence of impairment and any resulting provisioning is conducted individually at loan level (for both retail and corporate portfolios) for those considered by the Group as significant, and collectively on a loan group level for those considered less significant. The estimation of impairment is conducted collectively for claims (portfolios of claims) with common risk characteristics, which are not considered significant on an individual basis. Also collective assessment includes loans that have been tested individually for impairment but no impairment has occurred.

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

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

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

Write-offs

The Group, by resolution of the Board of Directors (or its authorised committees) of the Bank or its subsidiaries, proceeds with write-offs of non performing loans and bad debts against their respective provisions, after all potential collection processes have been exhausted and, thus, it is highly expected that the aforementioned will not be collected. The Group continues monitoring loans written off in case that they may become collectable.

3. Financial Risk Management (Continued)

3.1.5 Loans and advances

Loans and advances to customers and to credit institutions as long as debt securities-receivables are summarised as follows:

	31 December 2012			31 December 2011		
	Loans and advances to customers	**Loans and advances to credit institutions**	**Reverse repos with customers**	**Loans and advances to customers**	**Loans and advances to credit institutions**	**Reverse repos with customers**
Loans neither past due or impaired	26,956,387	380,384	35,924	21,990,548	316,131	57,395
Past due but not impaired	12,767,537	—	—	8,742,311	6	—
Impaired	10,849,385	—	—	6,325,160	—	—
Gross	**50,573,309**	**380,384**	**35,924**	**37,058,018**	**316,136**	**57,395**
Less: Allowance for impairment for loan and advances	(3,832,964)	—	—	(3,052,399)	—	—
Less: Adjustments of opening balances at acquisition date	(2,127,659)	—	—	—	—	—
Net	**44,612,686**	**380,384**	**35,924**	**34,005,619**	**316,136**	**57,395**
Debt securities-receivables	8,039,843	—	—	3,324,665	—	—
Less: Allowance for impairment for debt securities-receivables	(23,846)	—	—	(1,696,489)	—	—
	8,015,997	**0**	**0**	**1,628,176**	**0**	**0**

Related to the debt securities-receivables rating is note 3.1.6.

'Adjustment for opening balances at acquisition date' relates to allowance for impairment for loans of companies of former ATEbank and Geniki Bank Group at the acquisition date by Piraeus Bank Group. The aforementioned allowance for impairment has been included in the adjustment of loans and advances to customers to fair value according to the provisions of IFRS 3. It is noted that in note 24 'Loans and advances to customers and debt securities-receivables' the adjustment has decreased the balance of loans and advances to customers before provisions and it is not included in the allowance for impairment on loans and advances to customers. However for purposes of monitoring credit risk and for disclosure purposes according to I.F.R.S. 7, the aforementioned adjustment does not affect the balances of loans and advances before provisions, as the Group has not stopped monitoring the adjustment as part of the provisions.

An analysis of the adjustment per category of loans is provided below:

Loans and advances to customers	**(704,610)**
Mortgages	(242,059)
Consumer/personal loans	(275,559)
Credit cards	(186,991)
Corporate loans	**(1,423,049)**
Total adjustment	**(2,127,659)**

As at 31/12/2012, the Group examined the requirements of the amended IFRS 7 "Financial Instruments: Disclosures—Transfers of Financial Assets". Since at this date there are no transferred financial assets that are not derecognized partially or in their entirety, the relevant required disclosures of IFRS 7 are not applicable in the annual consolidated financial statements of the year 2012.

3. Financial Risk Management (Continued)

a) Loans neither past due or impaired:

Loans and advances to customers

	Loans to individuals				
31 December 2012	**Credit cards**	**Consumer/personal loans**	**Mortgages**	**Loans to corporate entities**	**Total loans and advances to customers**
Grades					
Standard monitoring	582,527	1,973,919	8,162,269	11,326,193	22,044,909
Special monitoring	—	—	—	4,911,478	4,911,478
Total	**582,527**	**1,973,919**	**8,162,269**	**16,237,671**	**26,956,387**

	Loans to individuals				
31 December 2011	**Credit cards**	**Consumer/personal loans**	**Mortgages**	**Loans to corporate entities**	**Total loans and advances to customers**
Grades					
Standard monitoring	457,564	1,757,700	4,389,183	10,173,250	16,777,697
Special monitoring	—	—	—	5,212,850	5,212,850
Total	**457,564**	**1,757,700**	**4,389,183**	**15,386,100**	**21,990,547**

Loans and advances to credit institutions

	31 December 2012	**31 December 2011**
Grades		
Investment grade	27,615	—
Standard monitoring	350,215	185,460
Special monitoring	2,554	130,671
Total	**380,384**	**316,131**

Reverse repos with customers

Grades	**31 December 2012**	**31 December 2011**
Standard monitoring	35,924	57,395
Total	**35,924**	**57,395**

b) Loans and advances past due but not impaired:

	Loans to individuals				
31 December 2011	**Credit cards**	**Consumer/personal loans**	**Mortgages**	**Loans to corporate entities**	**Total**
Past due 1 – 90 days	111,909	671,810	2,250,900	5,408,221	8,442,841
Past due 91 – 180 days	35,885	138,968	501,909	593,336	1,270,098
Past due > 180 days	—	—	846,795	2,207,804	3,054,599
Total	**147,794**	**810,778**	**3,599,604**	**8,209,361**	**12,767,537**
Fair value of collateral	64	221,521	3,324,745	4,376,616	**7,922,946**

The fair value of physical collaterals reflects the liquidation value of these collaterals, after the application of the haircuts provided in the Group credit policy.

3. Financial Risk Management (Continued)

In the case of the mortgage loans of the Bank, it should be noted that the reported fair value of collateral takes into account only properties on which the Bank holds a first line mortgage. In cases that the property value exceeds the remaining balance of the loan the reported fair value of collateral takes into account the property value up to the amount of the remaining balance of the loan.

	Loans to individuals				
31 December 2011	**Credit cards**	**Consumer/personal loans**	**Mortgages**	**Loans to corporate entities**	**Total**
Past due 1 – 90 days	59,101	574,438	1,415,246	4,727,798	6,776,584
Past due 91 – 180 days . . .	26,951	101,819	244,482	225,638	598,890
Past due > 180 days	—	—	364,861	1,001,975	1,366,837
Total	**86,053**	**676,257**	**2,024,589**	**5,955,412**	**8,742,311**
Fair value of collateral . . .	—	167,263	1,884,410	3,729,252	**5,780,925**

c) Loans and advances impaired:

	Loans to individuals				
31 December 2012	**Credit cards**	**Consumer/personal loans**	**Mortgages**	**Loans to corporate entities**	**Total loans and advances to customers**
Impaired loans	477,665	1,287,919	951,583	8,132,218	**10,849,385**
Fair value of collateral	120	123,096	740,507	3,192,402	**4,056,124**

	Loans to individuals				
31 December 2011	**Credit cards**	**Consumer/personal loans**	**Mortgages**	**Loans to corporate entities**	**Total loans and advances to customers**
Impaired loans	207,313	738,943	394,861	4,984,043	**6,325,160**
Fair value of collateral	—	83,309	308,919	1,815,200	**2,207,428**

Distressed Restructuring—Rescheduling

With regards to the restructuring of loans and its designation as rescheduling or distressed restructuring, Piraeus Bank Group follows the guidelines of the BoG that were communicated to the management of credit institutions through the circular 13 that was issued by the Governor of BoG as at 30/7/2009.

This designation remains for one year provided that the amended terms of the loan apply. After one year, or earlier, if delays arise in servicing the debt, they fall in the respective loan category.

There are specific chapters, in the respective manuals of the Bank's Credit Policy, relating to Corporate and Retail Credit, which describe in detail the procedures for the approval and management of rescheduled and distressed restructured loans as well as the relevant approval bodies and the units that approve and manage those loans.

Specifically:

A. Corporate Credit:

Units managing customers of specialized lending

i. Corporate loans within the responsibility of business centers which are downgraded to the categories "Special Mention" and "Distressed Restructuring", are jointly managed by Loan Restructuring Division.

ii. Corporate loans within the responsibility of Large Corporates & Group Structured Finance and Ship Financing divisions which have been downgraded to the aforementioned categories, are managed by the special teams Capital Recovery Large Corporate and Capital Recovery Shipping.

iii. Corporate loans in the Permanent Delay (legal) category are solely managed by Workouts Division.

3. Financial Risk Management (Continued)

Approval Process of Rescheduling—Distressed Restructuring

i. For the approval of rescheduling of loans with designation "Standard", approval from the relevant approval level is required.

ii. For the approval of rescheduling and distressed restructuring of loans with designation "Special Mention", in addition to the approval from the relevant approval level, the approval from the Workouts Committee or its sub-committees is required.

iii. For the approval of distressed restructuring of loans with designation "Doubtful/Loss", the approval from the Workouts Committee or its sub-committees is only required.

B. Retail Credit:

The approvals from the rescheduling and distressed restructuring of retail loans are given by the specialized unit of Retail Loans Restructuring.

Distressed restructured and rescheduled loans are tested for impairment in accordance with the impairment and provisioning policy as described in note 3.1.4.

On 31/12/2012 the carrying value of the distressed restructured and rescheduled loans of the Group amounts to € 5.9 billion, while the total amount of provisions is € 410 million.

	Group			
	31/12/2012		31/12/2011	
Amounts in million €	**Balance**	**Provision**	**Balance**	**Provision**
Distressed Restructured	**1,862**	**198**	**1,264**	**75**
Retail	525	41	411	30
Corporate	1,337	157	853	45
Rescheduled	**4,050**	**212**	**2,790**	**154**
Retail	1,939	16	828	8
Corporate	2,111	196	1,962	146
Total	**5,911**	**410**	**4,054**	**229**

It is noted that the amounts of rescheduled loans relate to Piraeus Bank only.

3.1.6 Debt securities and other eligible bills

The table below presents an analysis of trading portfolio, debt securities-receivables, investment securities and financial instruments at fair value through profit or loss by rating as at 31 December 2012, based on Standard & Poor's ratings or their equivalent:

31 December 2012	**Trading securities**	**Debt securities-receivables**	**Investment securities**	**Total**
AAA	54,324	6,513,882	524,940	7,093,146
AA- to AA+	—	—	259,960	259,960
A- to A+	—	—	87,810	87,810
BBB- to BBB+	7,242	—	43,151	50,394
BB- to BB+	262,117	—	8,915	271,032
Lower than BB-	26,886	1,502,115	3,313,125	4,842,126
Unrated	—	—	175,843	175,843
Total	**350,568**	**8,015,997**	**4,413,745**	**12,780,310**

3. Financial Risk Management (Continued)

3.1.7 Repossessed collateral

During the year 2012, the Group obtained assets after taking possession of collateral held as security for its receivables:

Nature of assets	2012	2011
Property	121,554	82,204
	121,554	**82,204**

Assets acquired from an auction process are held by the Group temporarily for liquidation, for in full or partial repayment of related loan from customers.

3.1.8 Concentration of risks of financial assets with credit risk exposure

a) Geographical sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by geographical region as at 31 December 2012. The credit risk exposure is based on the country of domicile of the Group's companies.

	Greece	Rest of Europe	Egypt	Total
Loans and advances to credit institutions	26,062	164,928	189,394	380,384
Derivative financial instruments—assets	425,189	16,128	—	441,317
Bonds & Treasury Bills of trading portfolio	81,209	269,359	—	350,568
Loans and advances to customers (net of provisions)	37,580,023	6,613,302	419,360	44,612,686
Loans to individuals	14,528,100	1,538,572	52,016	16,118,688
—Mortgages	11,602,191	676,260	2,773	12,281,225
—Consumer—personal loans	2,143,782	824,759	38,723	3,007,265
—Credit cards	782,126	37,552	10,520	830,199
Loans to corporate entities	23,051,924	5,074,730	367,344	28,493,998
Debt securities—receivables	7,928,884	4,740	82,372	8,015,997
Bonds & Treasury Bills of investment portfolio	3,994,076	373,430	46,239	4,413,745
Revesre repos with customers	35,388	537	0	35,924
Other assets	2,419,857	142,900	14,498	2,577,255
As at 31 December 2012	**52,490,689**	**7,585,324**	**751,864**	**60,827,877**
As at 31 December 2011	**32,833,298**	**8,233,860**	**473,236**	**41,540,394**

3. Financial Risk Management (Continued)

b) Industry sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by industrial sector as at 31 December 2012. The Group has allocated exposures to sectors based on the industry sector of our counterparties.

	Financial institutions	Manufactoring/ Handicraft	Construction	Real Estate Companies	Project Finance	Wholesale and retail trade	Public sector	Shipping Companies	Hotels	Agriculture	Energy, Transports & Logistics	Other industries	Individuals	Total
Loans and advances to credit institutions	380,384													**380,384**
Derivative financial instruments—assets	316,738	4,172	—	2,544	100,114	429	—	13,740	—	—	—	3,580	—	**441,317**
Bonds of Trading portfolio	56	—	—	—	—	—	296,093	—	—	—	—	54,419		**350,568**
Loans and advances to customers (net of provisions)	701,688	4,591,453	2,795,577	2,360,754	1,210,481	3,996,251	2,468,845	1,387,490	1,848,314	1,598,420	1,833,604	3,701,121	16,118,688	**44,612,686**
Loans to individuals (retail customers)													16,118,688	**16,118,688**
— Mortgages													12,281,225	**12,281,225**
— Consumer—personal loans													3,007,265	**3,007,265**
— Credit cards													830,199	**830,199**
Loans to corporate entities	701,688	4,591,453	2,795,577	2,360,754	1,210,481	3,996,251	2,468,845	1,387,490	1,848,314	1,598,420	1,833,604	3,701,121	—	**28,493,998**
Debt securities-receivables	—	4,740	—	—	—	—	1,497,375	—	—	—	—	6,513,882	—	**8,015,997**
Reverse repos with customers	—	—	—	—	34,084	—	—		—	—	—	—	1,840	**35,924**
Bonds of Investment portfolio	521,799	—	—	21	—	—	3,849,840	—	—	—	—	42,085		**4,413,745**
Other assets	36,885	36,032	18,587	4,540	5	81,126	556,405	76	377	196	1,978	1,636,631	204,417	**2,577,255**
Balance at 31st December 2012	**1,957,551**	**4,636,397**	**2,814,165**	**2,367,860**	**1,344,685**	**4,077,805**	**8,668,557**	**1,401,305**	**1,848,691**	**1,598,615**	**1,835,582**	**11,951,718**	**16,324,945**	**60,827,877**
Balance at 31st December 2011	**1,326,831**	**4,056,864**	**2,849,315**	**2,339,561**	**1,959,510**	**3,682,455**	**6,233,120**	**1,415,897**	**1,553,285**	**458,109**	**1,411,118**	**4,257,017**	**9,997,313**	**41,540,394**

3. Financial Risk Management (Continued)

The amount of € 255 million in the category "Public Sector" of "Corporate Loans" relates to loans given to local authorities and the amount of € 2.1 billion relates to receivables from the "Payment and Control Agency for Guidance and Guarantee Community Aid" in the framework of managing the reinforcements of community funds for the funding of agricultural expenditures of the community budget.

The amount of € 1.4 billion in the category "Public Sector" of "Debt Securities Receivables" relates to securities issued under the framework of Law 3723/2008 "Economy Reinforcement Plan".

The amount of € 54 million of "Bonds of Trading portfolio" and the amount of € 6.5 billion of "Debt Securities Receivables" in the category "Other Industries" relates to bonds issued by the Hellenic Financial Stability Fund (HFSF) received by the Bank as a result of the acquisition of selected assets and liabilities of former ATEbank S.A..

Finally the category of "Other Industries" of "Other Assets" includes the amount of € 795 million which relates to receivables of the Financial Stability Facility due to the difference of the value of transferred assets and liabilities of former ATEbank S.A subtracting the amount of € 6,676 million already covered.

3.2 Market risk

Market risk is the risk of loss due to adverse changes in the level or the volatility of market prices and rates, including interest rates, equity prices and foreign exchange rates.

The Board Risk Committee of the bank has approved a market risk management policy that applies to the Group and outlines the basic definitions of market risk management and defines the roles and responsibilities of the units and executives involved.

Piraeus Bank Group applies up to date, generally accepted techniques for the measurement of market risk. Specifically, sensitivity indicators such as PV100 (adverse impact to the net present value of all balance sheet items for a 100 basis points parallel move in the yield curve for all currencies) as well as Value-at-Risk (VaR incorporates all risk factors) are calculated.

For every activity that bears market risk, Piraeus Bank Group has assigned adequate market risk limits, and these are monitored systematically. Market risk management is not confined to trading book activities, but covers the balance sheet as a whole.

The Value-at-Risk measure is an estimate of the potential loss in the net present value of a portfolio, over a specified period and with a specified confidence level. Piraeus Bank Group implements the following three methods for the calculation of Value at Risk:

a) the parametric Value-at-Risk methodology, assuming a one-day holding period and utilizing a 99% confidence level, with historic observations of two years and equal weighting between observations,

b) the parametric Value-at-Risk methodology, using market data that give more weight to recent observations (exponentially weighted moving average volatilities and correlations) and

c) the parametric Value-at-Risk methodology using volatilities and correlations gathered during a crisis period (Stressed Value-at-Risk), while the estimate is assessed on current positions.

As the Value-at-Risk methodology does not evaluate risk attributable to extraordinary financial or other occurrences, the risk assessment process includes a number of stress scenarios. The stress scenarios are based on the primary risk factors that can change the value of the balance sheet's figures.

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

The Value-at-Risk estimate for the Group's Trading Book at 31/12/2012, was € 1.32 million. This estimate consists of € 0.46 million for interest rate risk, € 0.01 million for equity risk, € 1.13 million for

3. Financial Risk Management (Continued)

foreign exchange risk and € 0.1 million for commodities risk. There is a reduction in the Value-at-Risk estimate of € 0.38 million due to the diversification effect in the portfolio.

The Value-at-Risk estimate for the Group's Trading Book at 31/12/2011, was € 8.81 million. This estimate consists of € 8.06 million for interest rate risk, € 0.04 million for equity risk, € 2.41 million for foreign exchange risk and € 0.21 million for commodities risk. There is a reduction in the Value-at-Risk estimate of € 1.91 million due to the diversification effect in the portfolio. During 2012 there was a decrease in the Group's Trading Book VaR due to a reduction in Greek Government Bond positions.

The above are summarized as follows (amounts in million euro):

million €	Piraeus Bank Trading Book Group Total VaR	VaR—Interest Rate Risk	VaR—Equity Risk	VaR—Forign Exchange Risk	VaR—Commodities Risk	Diversification Effect
2012	1.32	0.46	0.01	1.13	0.10	−0.38
2011	8.81	8.06	0.04	2.41	0.21	−1.91

3.3 Currency risk

The Group is exposed to fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Management sets limits on the level of exposure by currency, which are monitored daily. The table below summarises the Group's exposure to foreign currency exchange rate risk as at 31/12/2012. The table includes, the Group's assets and liabilities at carrying

3. Financial Risk Management (Continued)

amounts categorised by currency and the positions in derivatives which reduce significantly the undertaken risk:

At 31 December 2012	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Foreign exchange risk of assets							
Cash and balances with central Banks	2,520,764	289,610	29,018	14,865	15,953	437,293	3,307,503
Loans and advances to credit institutions	89,029	245,032	7,423	—	67	38,833	380,384
Derivative financial instruments—assets	411,325	14,085	8	0	0	15,899	441,317
Trading securities	123,506	3,050	—	—	—	236,311	362,868
Financial instruments at fair value through Profit or Loss	7,833	—	—	0	—	—	7,833
Reverse repos with customers	35,388	—	—	—	—	537	35,924
Loans and advances to customers (net of provisions)	38,694,286	2,158,613	105,776	144,594	2,494,688	1,014,729	44,612,686
Debt securities—receivables	7,928,884	10,723	0	0	0	76,390	8,015,997
Investment securities	4,706,329	12,376	—	—	—	191,775	4,910,481
Other assets	2,461,016	12,845	305	967	2,401	99,721	2,577,255
Total financial assets	**56,978,360**	**2,746,334**	**142,530**	**160,426**	**2,513,109**	**2,111,488**	**64,652,248**
Foreign exchange risk of liabilities							
Due to credit institutions	32,421,612	44,535	2,775	—	684	91,716	32,561,322
Liabilities at fair value through profit or loss	21,953	—	—	—	—	—	21,953
Derivative financial instruments—liabilities	347,257	63,633	—	0	10,924	1,704	423,519
Due to customers	32,636,697	1,952,548	112,472	204,316	34,432	2,030,744	36,971,208
Debt securities in issue	533,702	(1)	—	—	—	—	533,702
Hybrid capital and other borrowed funds	324,141	0	—	—	—	—	324,141
Other liabilities	929,954	20,055	1,710	1,428	550	55,309	1,009,007
Total financial liabilities	**67,215,317**	**2,080,771**	**116,956**	**205,744**	**46,590**	**2,179,473**	**71,844,852**
Net on-balance sheet financial position	**(10,236,957)**	**665,563**	**25,573**	**(45,317)**	**2,466,519**	**(67,986)**	**(7,192,605)**
Net position of non financial assets—liabilities	**6,577,715**	**103,850**	**(790)**	**0**	**11,163**	**475,484**	**7,167,422**
Off balance sheet items	**3,643,508**	**(1,101,186)**	**(26,797)**	**45,241**	**(2,504,161)**	**108,472**	**165,077**
Currency position	**(15,734)**	**(331,773)**	**(2,014)**	**(76)**	**(26,479)**	**515,970**	**139,894**
At 31 December 2011							
Total financial assets	36,894,569	2,974,862	124,011	197,728	2,633,301	1,572,693	44,397,163
Total financial liabiities	45,020,070	2,824,922	116,550	399,889	20,125	1,613,987	49,995,542
Net on-balance sheet financial position	**(8,125,501)**	**149,940**	**7,461**	**(202,161)**	**2,613,176**	**(41,294)**	**−5,598,379**
Net position of non financial assets—liabilities	**4,898,841**	**194,828**	**(2,074)**	**3,438**	**(4)**	**293,744**	**5,388,774**
Off balance sheet items	**2,928,880**	**(656,645)**	**(7,804)**	**193,238**	**(2,597,720)**	**85,575**	**(54,475)**
Currency position	**(297,780)**	**(311,877)**	**(2,417)**	**(5,485)**	**15,452**	**338,025**	**−264,083**

3.4 Interest rate risk

Interest rate risk is the risk of a negative impact on the Group's financial condition due to its exposure to interest rates. Accepting this risk is a normal part of banking and can be an important source of profitability and shareholder value.

Changes in interest rates affect the Group's earnings by changing its net interest income and the level of other interest-sensitive income and operating expenses. Changes in interest rates also affect the underlying value of the Group's assets and liabilities because the present value of future cash flows (and in some cases, the cash flows themselves) changes when interest rates change. Accordingly, an effective risk management process that assesses, monitors and help maintain interest rate risk within prudent levels (through effective hedging, where relevant), is essential to the safety and soundness of the Group.

Piraeus Bank Group applies an Interest Rate Risk Management Policy, which provides for a variety of valuation techniques that rely on maturity and repricing schedules (Interest Rate Gap analysis).

3. Financial Risk Management (Continued)

Interest rate gap is a maturity/repricing schedule that distributes interest-sensitive assets and liabilities into a certain number of predefined time bands, according to their maturity (fixed-rate instruments) or time remaining to their next repricing (floating-rate instruments).

The table below summarises the Group's exposure to interest rate risk according to an Interest Rate Gap Analysis. Those assets and liabilities lacking actual maturities (e.g. open accounts) or definitive repricing intervals (e.g. sight deposits or savings accounts) are assigned to the time band up to one month.

In the table, assets and liabilities in foreign currency are converted into EUR using the FX rates as of 31/12/2012.

At 31 December 2012	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non interest bearing	Total
Assets							
Cash and balances with central banks	2,742,949	29,524	0	0	0	535,030	3,307,503
Loans and advances to credit institutions	351,333	28,111	209	219	0	512	380,384
Trading securities	4,459	24,407	146,978	173,793	932	12,299	362,868
Reverse repos with customers	35,482	442	0	0	0	(0)	35,924
Financial instruments at fair value through Profit or Loss	0	0	0	0	0	7,833	7,833
Loans and advances to customers (net of provisions)	32,790,907	7,538,018	2,476,286	1,231,121	708,811	(132,458)	44,612,686
Debt securities—receivables	24	7,929,665	81,516	4,793	0	0	8,015,997
Investment securities	1,739,895	866,921	1,095,190	676,222	35,517	496,736	4,910,481
Other assets	14,630	2,880	29,018	46,817	9,290	2,474,619	2,577,255
Total financial assets	**37,679,679**	**16,419,968**	**3,829,197**	**2,132,965**	**754,549**	**3,394,572**	**64,210,930**
Liabilities							
Due to credit institutions	32,274,118	193,351	87,129	6,723	1	0	32,561,322
Due to customers	24,190,418	5,658,597	6,156,785	690,108	756	274,544	36,971,208
Liabilities at fair value through profit or loss	9,221	171	11,676	0	885	0	21,953
Debt securities in issue	301,917	231,093	202	489	0	0	533,702
Hybrid capital and other borrowed funds	324,141	0	0	0	0	0	324,141
Other liabilities	17,170	4,770	73,811	79,031	176,398	684,520	1,035,700
Total financial liabiities	**57,116,984**	**6,087,983**	**6,329,603**	**776,351**	**178,040**	**959,064**	**71,448,026**
Net notional amount of derivative financial instruments	**(15,263)**	**237,351**	**(44,635)**	**9,539**	**(60,201)**	**—**	**126,790**
Total interest rate gap	**(19,452,568)**	**10,569,336**	**(2,545,042)**	**1,366,152**	**516,307**	**2,435,507**	**(7,110,306)**

The following table includes figures of the comparative year.

At 31 December 2011	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non interest bearing	Total
Total financial assets	25,258,429	8,176,171	4,442,289	2,473,096	2,445,853	1,222,086	44,017,925
Total financial liabilities	39,166,375	5,671,366	2,895,469	1,060,535	274,138	575,653	49,643,536
Net notional amount of derivative financial instruments	132,225	705,460	(119,115)	(477,998)	(264,334)	—	(23,761)
Total interest rate gap	**(13,775,721)**	**3,210,266**	**1,427,705**	**934,563**	**1,907,382**	**646,433**	**(5,649,372)**

In addition, the Group calculates the change in the net present value of balance-sheet items in response to a change in interest rates, assuming parallel yield curve shifts (PV100).

Interest rate gap analysis enables the evaluation of interest rate risk using the 'Earnings-at-Risk' measure, which denotes the negative effect on the expected annual interest income, as a result of a parallel shift in interest rates for all currencies considered.

3. Financial Risk Management (Continued)

For Earnings-at-Risk and PV100 the Group has assigned adequate limits, which are monitored on a regular basis.

The Bank also assesses on a regular basis, the impact of a change in the credit spread, for issuers of government and corporate debt, for the group's bond portfolio.

The Group also evaluates potential financial losses under stressful market conditions. Possible stress scenarios include abrupt changes in the level of interest rates, changes in the slope and the shape of the yield curves, or changes in the volatility of market rates.

3.5 Liquidity risk

The Group acknowledges that, in order to be able to meet liabilities promptly and without losses, it is essential to effectively manage liquidity risk.

Liquidity risk is defined as the risk of a financial institution that will not be able to meet its obligations as they become due, because of lack of the required liquidity.

A liquidity Risk Management Policy has been applied in all Group units. This policy is adjusted to internationally applied practices and regulatory environments and adapted to the specific activities and organisational structure of Piraeus Bank Group.

The policy specifies the principal liquidity risk assessment definitions and methods, defines the roles and responsibilities of the units and staff involved and sets out the guidelines for liquidity crisis management. The policy is focused on the liquidity needs expected to emerge, in a week's or month's time, on the basis of hypothetical liquidity crisis scenarios.

Furthermore, the Policy defines a contingency funding plan to be used in the case of a liquidity crisis. Such a crisis can take place either due to a Piraeus Bank Group specific event or a general market event. Triggers and warning signals serve as indicators of when the contingency plan should be put into operation.

In addition, Piraeus Bank calculates and monitors the liquidity ratios, "Liquid Assets/Total Liabilities" and "Net Current Assets/Total Liabilities", as they are defined in the Bank of Greece Governor's Act 2614/07.04.2009, which refers to the supervision framework of banks' liquidity adequacy by the Bank of Greece.

The Liquidity ratios are calculated on a solo, as well as, on a consolidated basis. Consolidation includes only the credit institutions of the Group.

The levels of these particular ratios are daily communicated to the responsible business units, and comments as well as respective assessments of the Group Market & Operational Risk Management Division, are included in the reporting package to the members of Asset—Liability Committee (ALCO). The levels of the ratios are also disclosed, on a monthly basis, to the Financial Services Authority (F.S.A) of Great Britain.

Means as the maintenance of liquid securities portfolios, the expansion of diversified core deposits (i.e saving accounts) and competitive term deposits, were taken in order to mitigate liquidity risk.

Through acquiring ATE Bank, Piraeus Bank greatly improved the combination of funding sources, while at the same time its deposits base was further extended and diversified. Furthermore, the Bank acquired Liquidity through EFSF Bonds amounting to € 7,300 million in order to cover the funding gap of the acquisition of ATE Bank.

Finally, in accordance with the provisions of law 3723/2008 "providing enhanced liquidity to the economy to address the consequences of the international financial crisis", the Bank has issued preferred stocks (Pillar I), received Guarantees (Pillar II) and Special Bonds (Pillar III) from the Greek State amounting to € 12,380 million.

3. Financial Risk Management (Continued)

Under recapitalization framework, Piraeus Bank, has received in advance EFSF Bonds of € 6,253 million.

In general, liquidity management is a matter of balancing cash flows within forward rolling time bands, so that under normal conditions, the Group is comfortably placed to meet all its payment obligations as they fall due. For this purpose the Group uses the liquidity gap analysis which provides an overview of the expected cash flows, arising from all balance sheet items. The cash flows are assigned and aggregated into timebands according to when they occur.

The assumptions made are that scheduled payments to the Group are honoured in full and on time and in addition, all contractual payments are discharged in full, e.g. depositors will withdraw their money rather than roll it over on maturity. Those assets and liabilities lacking actual maturities (e.g. open accounts, sight deposits, or savings accounts) are assigned to the time band up to one month.

a) Non derivative cash flows

The table below presents, at the balance sheet date, the cash flows payable by the Group under non-derivative financial liabilities by the remaining contractual maturities. The amounts mentioned are the contractual undiscounted cash flows. The Group manages liquidity risk according to the estimated undiscounted cash flows. Liabilities in foreign currency have been translated into euro based on the current foreign currency exchange rates.

At 31 December 2012	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities liquidity						
Due to credit institutions	32,083,776	72,839	18,476	388,798	22,514	32,586,403
Due to customers	24,497,774	5,790,229	6,310,608	717,860	3,476	37,319,946
Liabilities at fair value through profit or loss	9,239	173	11,929	0	1,772	23,113
Debt securities in issue	726	15,931	3,350	521,213	0	541,219
Other borrowed funds	400	—	4,751	281,396	—	286,547
Hybrid capital	222	—	794	5,002	100,280—	106,298
Other liabilities	100,569	47,559	116,195	118,028	891,894	1,274,245
Total liabilities (contractual maturity dates)	**56,692,707**	**5,926,731**	**6,466,103**	**2,032,297**	**1,019,935**	**72,137,772**
Total assets (expected maturity dates)	**19,186,051**	**5,424,808**	**7,172,588**	**15,056,470**	**23,302,744**	**70,142,661**

At 31 December 2011	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities liquidity						
Due to credit institutions	24,436,637	287,497	29,669	734,788	24,296	25,512,886
Due to customers	14,276,140	4,647,044	2,565,235	506,083	5,751	22,000,253
Liabilities at fair value through profit or loss	3,317	7,081	6,929	88	1,060	18,475
Debt securities in issue	3,869	47,117	401,166	861,682	16	1,313,851
Other borrowed funds	3,047	—	13,573	380,116	—	396,735
Hybrid capital	1,183	—	3,819	167,258	—	172,260
Other liabilities	94,429	57,118	294,919	37,073	241,722	725,261
Total liabilities (contractual maturity dates)	**38,818,622**	**5,045,857**	**3,315,310**	**2,687,088**	**272,845**	**50,139,722**
Total assets (expected maturity dates)	**10,036,422**	**3,380,373**	**7,684,134**	**14,314,482**	**19,177,450**	**54,592,861**

b) Derivative cash flows

bi) Derivatives settled on a net basis

The Group's derivatives that will be settled on a net basis include: a) foreign exchange derivatives: over-the-counter (OTC) currency options, currency futures, exchange traded currency options; and b) interest rate derivatives: interest rate swaps, forward rate agreements, OTC interest rate options, other interest rate contracts, exchange traded interest rate futures and exchange traded interest rate options.

3. Financial Risk Management (Continued)

The table below analyses, at the balance sheet date, the contractual undiscounted cash flows of derivative financial assets and liabilities of the Group that will be settled on a net basis, based on their remaining period according to the contract.

At 31 December 2012	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Derivatives held for trading						
—Foreign exchange derivatives	72	91	64—	—	—	227
—Interest rate derivatives	1,412	2,332	(4,460)	3,889	13,138	16,311
—Other derivatives	0	11	0	0	0	11
Derivatives held for fair value hedging						
—Foreign exchange derivatives	1,385	454	0	0	0	1,840
—Interest rate derivatives	1,388	476	(178)	0	0	1,686
Total	**4,257**	**3,364**	**(4,574)**	**3,889**	**13,138**	**20,075**

At 31 December 2011	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Derivatives held for trading						
—Foreign exchange derivatives	2	—	—	—	—	2
—Interest rate derivatives	571	9,883	(28,814)	(49,001)	13,485	(53,877)
Derivatives held for fair value hedging	—	—	(1,750)	(8,346)	(2,722)	(12,818)
—Interest rate derivatives						
Total	**573**	**9,883**	**(30,565)**	**(57,347)**	**10,763**	**(66,693)**

bii) Derivatives settled on a gross basis

The Group's derivatives that are settled on a gross basis include: a) foreign exchange derivatives: currency forward, currency swaps, b) interest rate derivatives: cross currency interest rate swaps and c) options.

The table below analyses, at balance sheet date, the derivative financial instruments (both derivative assets and derivative liabilities) that will be settled on a gross basis based on their remaining period according to the contract. The total pay leg (outflow) and receive leg (inflow) and for each type of derivative and for each maturity group are disclosed at their contractual undiscounted amounts.

At 31 December 2012	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Derivatives held for trading						
—Foreign exchange derivatives						
Outflow	(2,251,373)	(1,188,198)	(13,337)	(1,454,668)	(373,011)	(5,280,587)
Inflow	2,253,845	1,190,099	13,421	1,423,075	371,385	5,251,824

At 31 December 2011	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Derivatives held for trading						
—Foreign exchange derivatives						
Outflow	(5,807,498)	(60,098)	(27,567)	(840,825)	—	(6,735,989)
Inflow	5,797,820	57,815	33,245	801,458	—	6,690,338

On 31 December 2012, Piraeus Bank Group's total raised liquidity against acceptable collateral from the Eurosystem—European Central Bank (ECB) and the Bank of Greece (BoG) amounted to € 31.6 billion (2011: € 22.3 billion). The increase of the amount mainly reflects the acquisition of the "good" part of ATEbank, with a major part of assets acquired in the form of illiquid HFSF bonds (€ 6.5 billion), as well as the decreased overall liquidity within the Greek banking system. The latter was attributed to the outflow of deposits especially during the first semester of 2012, a trend that was partially reversed following the elections in June 2012 resulting in the stabilisation of deposits in Greece.

3. Financial Risk Management (Continued)

3.6 Fair values of financial assets and liabilities

a) Financial assets and liabilities not held at fair value:

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

	Carrying Value		Fair Value	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Financial assets				
Loans and advances to credit institutions	380,384	316,136	380,384	316,136
Loans and advances to customers (net of provisions)	44,612,686	34,005,619	44,566,217	34,067,095
—Loans to individuals	16,118,688	9,873,207	16,102,893	9,873,207
—Loans to corporate entities	28,493,998	24,132,412	28,463,324	24,193,887
Debt securities—receivables	8,015,997	1,628,176	7,664,643	1,165,849
Reverse repos with customers	35,924	57,395	35,917	57,292
Held to maturity investment securities	74,006	1,249,849	74,006	1,374,786

	Carrying Value		Fair Value	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Financial liabilities				
Due to credit institutions	32,561,322	25,413,598	32,562,806	25,416,684
Due to customers	36,971,208	21,795,677	36,970,560	21,789,085
Debt securities in issue	533,702	1,268,045	389,228	901,881
Hybrid capital and other borrowed funds	324,141	498,968	154,826	232,877

The fair value for the year 2012 of loans and advances to credit institutions, loans and advances to customers (net of provisions), repurchase agreements, 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 bear mainly floating interest rates and as a result being re-priced at regular time periods.

Fair value from held to maturity investment securities and debt securities-receivables is estimated using quoted market prices. Where this information is not available, fair value has been estimated using quoted market prices for 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) Financial assets and liabilities held at fair value:

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. 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.

3. Financial Risk Management (Continued)

- 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, bonds and treasury bills. Input parameters are based on yield curves or data from reliable sources (Bloomberg, Reuters).
- Level 3—Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes shares and bonds with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

The following tables present financial assets and liabilities measured at fair value, categorized in the three levels mentioned above, reconciliation of level 3 items for the year 2012 and sensitivity analysis:

Financial Assets & Liabilities measured at fair value	Level 1	Level 2	Level 3	Total
Financial Assets				
Derivative financial instruments—assets	353	440,965	—	441,317
Trading portfolio				
—Trading bonds	254,156	75,094	—	329,250
—Trading treasury bills	21,318	0	—	21,318
—Shares & other variable income securities	12,211	88	—	12,299
Financial Assets at FV through PL				
—Shares & other variable income securities	7,833	—	—	7,833
Available for Sale Securities				
—Trading bonds	1,042,419	291,086	—	1,333,505
—Shares & other variable income securities	222,715	4,646	269,375	496,736
—Treasury bills	2,593,123	413,111	—	3,006,234
Financial Liabilities				
—Liabilities at fair value through profit or loss	21,953	0	—	21,953
—Derivative financial instruments—liabilities	1,073	422,446	—	423,519

Reconciliation of Level 3 items	Shares & Other variable income securities
Opening balance	348,760
Profit/(loss) of the year	1,831
Purchases and share capital increases	197
Impairment	(70,176)
Disposals	(9,221)
FX differences	(501)
Other income	(695)
Tranfers	(820)
Total	**269,375**

Sensitivity Analysis of Level 3 measuraments to alternative assumptions, reflected in:	Favourable changes	Unfavourable changes
Income Statement		
Available for sale securities	0	(58,611)
Equity Statement		
Available for sale securities	8,710	0

3. Financial Risk Management (Continued)

3.7 Fiduciary activities

The Group provides custody services to third parties for a wide range of financial instruments. These services include safekeeping of securities, clearing and settlement of securities transactions in the Greek market and abroad, execution of corporate actions, income collection etc, on behalf of individuals, companies and institutional investors. Those assets and income arising for 3d parties thereon are not included in the Group's financial statements as they do not constitute property of the Group. The above mentioned services give rise only to operational risk. As the Group does not guarantee these investments, is not exposed to any credit risk relating to such assets.

3.8 Capital adequacy

Being compliant with the Greek law (3601/2007), Piraeus Bank Group has implemented the regulatory framework Basel II since January 2008. The aforementioned regulatory framework introduced capital requirements for operational risk as well as significant changes to the calculation of capital requirements against credit risk.

As the importance to maintain and enhance the capital base has been acknowledged for the Group's growth, capital adequacy is frequently monitored by the Bank's responsible department and submitted in a quarterly basis to the supervisory authority, Bank of Greece.

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

Capital Adequacy Ratio is specified as the regulatory capital to the total risk weighted assets and off balance sheet items. The existing legislative and regulatory capital framework defines that capital adequacy ratio should be above 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.
- To retain a sound and stable capital base in order to support the Bank's management business plans.

The regulatory capital of the Group, as defined by Bank of Greece is comprised of Tier I and Tier II capital.

For the calculation of regulatory capital, own share capital must undergo some regulatory adjustments, such as the deduction of intangible assets and goodwill, the deduction of the revaluation

3. Financial Risk Management (Continued)

gain of investment property, the deduction of part of the available of sale reserve, the deduction of the proposed distribution of dividend etc..

Tier I capital	31 December 2012	31 December 2011
Ordinary shares	342,998	342,998
Share premium	2,953,356	2,953,356
FSF Capital Advance	6,844,711	—
One off contribution Law 4093/12	(98,445)	—
Preference shares	750,000	750,000
Less: treasury shares	(36)	(192)
Minority Interest	128,463	135,228
Available for sale reserve	51,252	(72,922)
Legal reserve and other reserves	(46,606)	(72,665)
Retained earnings	(6,494,933)	(5,975,642)
Hybrid capital	59,916	159,601
Less: intangible assets	(410,644)	(348,934)
Total regulatory adjustments on Tier I capital	(63,163)	58,334
Total Tier I capital		
Tier II Capital	**4,016,869**	**(2,070,838)**
Subordinated debt	198,169	335,383
Total regulatory adjustments on Tier II capital	(9,404)	(9,412)
Total Tier II capital	**188,765**	**325,971**
Regulatory capital	**4,205,634**	**(1,744,867)**
Total risk weighted assets (on and off-balance sheet items)	**43,175,453**	**34,722,311**
Tier I ratio	**9.3%**	**(6.0)%**
Total Capital Adequacy ratio	**9.7%**	**(5.0)%**

It should be noted that the disclosure, as regulatory requirement, regarding capital adequacy and risk management information, imposed by Bank of Greece Directive 2592/20.8.2007 in relation to Pillar III, will be released at the Bank's website.

Maintaining a solid capital base is a major element of Piraeus Bank Group's strategy. Following the recapitalization of the Greek banking sector, capital adequacy ratios are restored and Piraeus Bank Group, following the recent additions of ATEbank and Geniki Bank, is in a better position to support the restoration of growth in the Greek economy.

In the context of the recapitalization process of the Greek banking system, Piraeus Bank Group's capital needs have been fully safeguarded through the Financial Stability Fund (FSF) capital support of € 7.34 bn for the participation on the capital reinforcement programme of Piraeus Bank, € 0.57 bn for ATE Bank. More specifically:

- On 28/05/2012, FSF has provided a capital advance of € 4.7 bn.
- On 21/12/2012, FSF has provided an additional advance of € 1.55 bn, and a commitment letter to provide further capital support of € 1.65 bn, of which € 0.57 bn aim to cover the capital needs of ATE Bank, as identified by Bank of Greece. From this commitment letter (€ 1.65 bn), only the amount of € 0.57 bn has been taken into account in the afore-mentioned capital adequacy table, that concerns ATEbank.

It is noted that the FSF capital advance has not been accounted for in Total Equity as at 31/12/2012.

3. Financial Risk Management (Continued)

The recapitalization of Piraeus Bank Group and other systemic Greek banks will be implemented in three phases under the Greek Act L.3864/2010 and the conditions of the Council of Ministers Act No. 38/9.11.12. The first phase that was completed at the end of 2012, involved the provision of additional capital advances to the banks, so that their Core Tier 1 capital ratio reached 9%. The second phase, relates to the issuance of contingent convertible bonds that will be covered entirely by HFSF. Finally, the third phase involves the completion of the Share Capital Increase with common shares, with any unsubscribed shares to be covered by HFSF.

4. Critical accounting estimates and judgements of the Group

a. Impairment of Greek Government Bonds (GGBs)

The discussions and negotiations for the specification of the agreed measures on 21 July 2011 and on 26 October 2011 namely to the revised private sector involvement programme (PSI), were completed on 21 February 2012. The finalisation of the revised private sector involvement programme (PSI) was taken into account in the annual consolidated financial statements as at 31.12.2011, and so the consolidated profit or loss was charged with the additional loss that resulted, compared to the initial loss that was recognized in the consolidated interim condensed financial information for June and for September 2011.

As the Group considered that the exchange of bonds and loans constitutes discontinuation of the existing relationship between the Bank and the debtor, the Group proceeded in the first quarter of 2012 to the full derecognition of the old securities and loans and the recognition of the new securities received from the exchange at a value initially derived by a valuation model (mark to model), in accordance with the special rules set out in the International Financial Reporting Standards (IAS 39), whereas any differences arising from the initial classification of the new securities affected the consolidated profit or loss for the first quarter of 2012.

From the new securities received under the private sector involvement programme (PSI), the Greek Government bonds were classified in the held to maturity portfolio and the EFSF bonds were classified in the available for sale portfolio.

Within the second quarter of 2012, the Group redetermined the fair value of the new securities received from the exchange, based on their market value (mark to market) at the dates these securities were exchanged, that is 12/3/2012, 11/4/2012 and 25/4/2012. Due to the redetermination of the fair value, an additional loss was accounted for in the first quarter of 2012 and therefore the before and after tax consolidated profit or loss for the first quarter was charged with an amount of € 311 million and € 251 million respectively.

The Group, in the context of the private sector involvement programme (PSI), charged the before tax results for the years 2012 and 2011 with a total amount of approximately € 6.2 billion.

Piraeus Bank, following the December 7th 2012 decision of the Board of Directors of the Bank, participated in the buy back program of the Greek Government bonds, in order to reduce Greek Government's debt, with the total (100%) of the eligible bonds that the Bank owned, in response to the relevant invitation of the Hellenic Ministry of Finance dated 3/12/2012. In this context, bonds of nominal value € 4.3 billion approximately and of a carrying value at the exchange date of € 1.7 billion approximately, were exchanged with EFSF bonds, with a benefit in the after tax results and equity of € 0.3 billion approximately.

The Group does not have exposure in bonds and debt of other European countries, which face increased problems relating to the servicing of their debt.

b. Other critical accounting estimates and judgements in the application of the accounting policies

The Group, for the preparation of the consolidated financial statements, makes accounting estimates and judgements for the future status of certain assets and liabilities that affect the

4. Critical accounting estimates and judgements of the Group (Continued)

presentation of those assets and liabilities in the consolidatedfinancial statements. 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.

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

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 exists 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. The assessment of the decline in fair value as significant or prolonged requires judgement. Judgement is also 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.

b.4. Securitisations and special purpose entities

The Group sponsors the formation of special purpose financing entities (SPEs) for various purposes including asset securitisation. The Group does not consolidate SPEs that it does not control. As it can sometimes be difficult to determine whether the Group does control an SPE, it makes judgements about its exposure to the risks and rewards, as well as about its ability to make operational decisions for the SPE in question. In many instances, elements may indicate control or lack of control over an SPE when considered in isolation, but when considered together make it difficult to reach a clear conclusion. In such cases, the SPE is consolidated.

b.5. Held to maturity investments

The Group follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than for specific circumstances -for example, selling an insignificant amount close to maturity- it will be required to reclassify the entire class to the available for sale portfolio. The investments would therefore be remeasured at fair value.

4. Critical accounting estimates and judgements of the Group (Continued)

b.6. Investment property

Investment property is carried at fair value, as this is estimated by an independent valuer. 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.

b.7. Income taxes

The Group is subject to income taxes in the countries in which it operates. This requires estimates in determining the provision for income taxes and therefore the final income tax determination is uncertain during the fiscal year. Where the final income tax expense is different from the amounts initially recorded, differences will impact the income tax and deferred tax assets/liabilities in the period in which the tax computation is finalised.

Especially, for the recognition of deferred tax asset, Management considers the best estimates for the future evolution of the Group's tax profits in the visible future, in combination with the nature of the losses and their recoverability based on the Greek Tax Law in force, at the end of the closing year.

b.8. 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 business's net assets. Note 49 is relevant to the recognition of goodwill and negative goodwill from the acquisition of selected assets and liabilities of former ATEbank S.A. and the acquisition of Geniki Bank S.A., respectively in the year 2012.

5. Segment analysis

a) By business segment

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, advisory and stock exchange services, underwriting services and public listings, 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 — Includes 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.).

5. Segment analysis (Continued)

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

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

1/1-31/12/2012	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Eliminations	Group	Discontinued operations	Group (Continuing operations)
Net interest income	916,059	314,600	(207)	36,781	(232,818)	12,592	**1,047,008**	19,488	1,027,520
Net fee and commision income	164,556	29,045	3,266	4,150	22,737	(5,280)	**218,474**	885	217,589
Net revenues	1,126,392	341,795	15,357	312,129	520,929	(44,409)	**2,272,192**	54,853	2,217,339
Segment results	(960,972)	(62,490)	(1,298)	(42,875)	(112,692)	—	**(1,180,326)**	19,707	(1,200,034)
Share of results of associates							**14,666**	0	14,666
Results before tax							**(1,165,660)**	**19,707**	**(1,185,367)**
Income tax							**656,418**	(6,686)	663,104
Results after tax							**(509,242)**	**13,022**	**(522,264)**
Other segment items at 31 December 2012									
Capital expenditure	100,884	13,711	122	2,082	205,744	—	**322,543**	232	322,311
Depreciation and amortisation	51,969	9,202	374	1,033	44,601	—	**107,181**	1,792	105,388
Provisions and impairment	1,556,574	320,272	4,521	296,798	340,806	—	**2,518,970**	11,075	2,507,895
Segment assets	37,310,303	9,235,262	78,497	16,912,222	6,869,877	—	**70,406,161**	377,184	70,028,977
Segment liabilities	32,924,871	2,656,822	366,317	33,601,345	3,172,311	—	**72,721,666**	605,824	72,115,842

1/1-31/12/2011	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Eliminations	Group	Discontinued operations	Group (Continuing operations)
Net interest income	888,589	283,102	(1,228)	181,006	(181,787)	24,220	**1,193,901**	21,286	1,172,615
Net fee and commision income	139,683	30,837	7,116	3,812	17,529	(171)	**198,806**	1,028	197,778
Net revenues	1,122,730	321,778	16,546	(2,597)	(159,711)	(53,592)	**1,245,154**	22,933	1,222,220
Segment results	(1,506,083)	(300,501)	(30,398)	(5,461,005)	(180,593)	—	**(7,478,581)**	6,261	−7,484,842
Share of results of associates							**(31,308)**	0	(31,308)
Results before tax							**(7,509,889)**	**6,261**	**(7,516,151)**
Income tax							**891,770**	(2,355)	894,125
Results after tax							**(6,618,119)**	**3,907**	**(6,622,026)**
Other segment items at 31 December 2011									
Capital expenditure	110,838	11,973	205	1,917	88,475	—	**213,408**	2,148	211,259
Depreciation and amortisation	52,852	8,997	519	948	34,856	—	**98,172**	1,452	96,720
Provisions and impairment	1,579,641	380,036	32,520	5,400,299	491,492	—	**7,883,988**	341	7,883,647
Segment assets	26,489,193	8,478,297	78,312	12,796,510	1,509,996	—	**49,352,308**	1,157,214	48,195,094
Segment liabilities	19,888,754	1,153,997	358,798	27,517,254	2,373,343	—	**51,292,146**	1,007,341	50,284,806

Regarding results before tax of other business segments for 2012, there is not any sector that contributes more than 10%.

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

5. Segment analysis (Continued)

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

b) By geographical segment

The Group operates in 4 main business segments and in 4 main geographical areas. Greece is the home country of Piraeus Bank. In Greece, the areas of operation include all the primary business segments.

In Rest of Europe, the countries in which the Group operates include Albania, Bulgaria, Romania, Serbia, Ukraine, Cyprus, United Kingdom and Luxemburg. The main business segments of operation in these countries are Retail Banking, Corporate Banking, Investment Banking and Asset Management & Treasury.

The following table incorporates geographical concentrations of net revenues and non current assets of the Group, as required by IFRS 8. The allocation is based on the location of the subsidiaries.

As at 31 December 2012	Net Revenues	Non current assets
Greece	1,740,235	2,309,404
Rest of Europe	431,269	415,483
Egypt	45,836	87,872
Total	**2,217,339**	**2,812,759**
Continuing Operations	**2,217,339**	**2,812,759**
Discontinued Operations	**54,853**	**57,477**

As at 31 December 2011	Net Revenues	Non current assets
Greece	657,756	1,638,121
Rest of Europe	531,956	424,823
Egypt	32,508	—
U.S.A.	—	36,777
Total	**1,222,220**	**2,099,721**
Continuing Operations	**1,222,220**	**2,099,721**
Discontinued Operations (Marathon Banking Corporation)	**22,933**	**—**
Discontinued Operations (Egypt companies)	**—**	**60,929**

The cost of issuing debt securities, loans securitisation, subordinated loans and hybrid capital is included in the net revenues of Greece.

Concerning discontinued operations, the year of 2011 include the results of Marathon Banking Corporation, whereas the non current assets as at 31/12/2011 concern Piraeus Bank Egypt Group.

6. Net interest income

	1/1-31/12/2012	1/1-31/12/2011
Interest income		
Interest on fixed income securities	574,857	367,784
Interest income on loans and advances to customers and repos	2,211,195	2,340,242
Interest on loans and advances to credit institutions	99,327	171,745
Other interest income	19,862	33,360
Total interest income	**2,905,242**	**2,913,131**
Interest expense		
Interest on customer deposits and repos	(836,894)	(895,876)
Interest on debt securities in issue and on other borrowed funds	(25,198)	(64,800)
Interest on due to credit institutions	(915,196)	(612,902)
Other interest expense	(100,434)	(166,938)
Total interest expense	**(1,877,722)**	**(1,740,515)**
Net interest income	**1,027,520**	**1,172,615**

"Other interest expense" for 2012 includes mainly the contribution of Law 128 (€ 89 million), whereas for 2011, apart from the aforementioned contribution (€ 86 million), it also includes interest expense of open short positions for Greek Government bonds and treasury bills, amounting to € 50 million.

7. Net fee and commission income

	1/1-31/12/2012	1/1-31/12/2011
Fee and commission income		
Commercial banking	225,182	205,542
Investment banking	12,749	19,298
Asset management	11,084	8,157
Total fee and commission income	**249,015**	**232,996**
Fee and commission expense		
Commercial banking	(28,171)	(30,433)
Investment banking	(2,652)	(4,180)
Asset management	(603)	(606)
Total fee and commission expense	**(31,426)**	**(35,218)**
Net fee and commission income	**217,589**	**197,778**

8. Dividend income

	1/1-31/12/2012	1/1-31/12/2011
Dividend from AFS securities	7,258	4,396
Dividend from trading securities	37	356

9. Net trading income

	1/1-31/12/2012	1/1-31/12/2011
Gains less losses on FX	5,256	1,080
Gains less losses on shares and mutual funds	11,559	90
Gains less losses on derivatives	(23,893)	52,413
Gains less losses on bonds	196,210	(155,328)
	189,133	**(101,745)**

During 2012 "Gains less losses on bonds" includes a gain of approximately € 282 million from repurchase of Hybrid Capital (Tier 1), Subordinated Debt (Lower Tier 2) and securitized loans. In the same line, a loss of approximately € 86 million from other bonds and guarantees provided is also included.

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

	1/1-31/12/2012	1/1-31/12/2011
Gains less losses on shares	1,954	2,257
Gains less losses on other financial instruments	1,434	(8,676)
	3,388	**(6,419)**

11. Results from investment securities

	1/1-31/12/2012	1/1-31/12/2011
Gains less losses on AFS - shares and mutual funds	32,981	598
Gains less losses on AFS - bonds	409,909	(490)
Gains less losses on sale of subsidiaries and associates	80	(664)
	442,970	**(556)**

Impairment of investment securities is included in "Impairment on investment securities" in the consolidated income statement (note 25). In addition, the gains less losses on bonds for 2012 include a gain of € 394 million from the participation of the Bank in the Greek Government Bond buyback program for the reduction of the sovereign debt.

12. Other operating income

	1/1-31/12/2012	1/1-31/12/2011
Income/expense from real estate (rental income and result from the valuation of investment property)	(73,750)	(98,553)
Income from the operations of ETVA Industrial Parks S.A.	2,508	5,687
Income from IT activities	725	557
Income from operating leasing	35,113	43,428
Other operating income	13,922	4,675
Goodwill of Geniki Bank Group	350,928	—
	329,446	**(44,207)**

The amount of € 351 million which is included at Other operating income, concerns negative goodwill from the acquisition of Geniki Bank and its subsidiaries. The relevant note is note 49.

"Income/Expense from real estate" includes mainly the valuation results of investment property which amount to a loss of € 70.8 million for the year 2012, of which the largest amount relates to the Citylink property (€ 54.3 million).

12. Other operating income (Continued)

Receivables from operating leases are as follows:

Receivables from operating leases	31 December 2012	31 December 2011
Up to 1 year	25,770	37,216
From 1 to 5 years	91,105	147,433
More than 5 years	1,285,759	2,572,022
	1,402,633	**2,756,671**

Receivables from operating leases mainly relate to future receivables from rental income of Picar S.A., from the operation of the Citylink building.

13. Staff costs

	1/1-31/12/2012	1/1-31/12/2011
Wages & salaries	(311,767)	(275,713)
Social insurance contributions	(76,839)	(61,182)
Other staff costs	(14,990)	(17,764)
Retirement benefit charges (note 42)	(20,369)	(34,925)
	(423,966)	**(389,584)**

The number of persons employed by the Group during 2012 was 18,872 (2011: 12,806).

14. Administrative expenses

	1/1-31/12/2012	1/1-31/12/2011
Rental expense	(65,582)	(68,095)
Taxes and duties	(54,026)	(49,415)
Promotion and advertising expenses	(26,704)	(27,208)
Servicing - promotion of banking products	(32,277)	(34,124)
Fees and third parties expenses	(57,596)	(35,358)
Security and maintenance of fixed assets	(34,773)	(29,970)
Telecommunication and electricity expenses	(28,554)	(23,103)
Other administrative expenses	(79,761)	(69,323)
	(379,273)	**(336,596)**

Other administrative expenses include contributions, insurances, donations, travel expenses, consumables and subscriptions.

15. Profit/(Loss) after income tax from discontinued operations

The year of 2012 include the results of ATE Insurance S.A., ATE Insurance Romania S.A., as well as the results of Marathon Banking Corporation until the date of its sale (30/9/2012). The year of 2011 include the results of Marathon Banking Corporation.

	1/1-31/12/2012	1/1-31/12/2011
Net interest income	19,488	21,286
Net fee and commission income	885	1,028
Dividend income	120	112
Net trading income	4,330	—
Results from investment securities	(57)	—
Other operating income/(expense)	20,689	507
Total net income	**45,456**	**22,933**
Staff costs	(13,058)	(8,038)
Administrative expenses	(9,220)	(6,841)
Depreciation and amortization	(1,792)	(1,452)
Total operating expenses before provisions	**(24,071)**	**(16,331)**
Impairment losses on loans, debt securities and other receivables	(2,239)	10
Impairment of investment portfolio	—	(351)
Other provisions and impairment	(8,836)	—
Profit/(loss) before income tax	**10,311**	**6,261**
Income tax	(6,686)	(2,355)
Profit/(loss) after income tax from discontinued operations	**3,625**	**3,907**
Profit/(loss) from disposal of discontinued operations	9,397	—
Profit/(loss) from discontinued operations	**13,022**	**3,907**

16. Income tax expense

	1/1-31/12/2012	1/1-31/12/2011
Current tax	(12,547)	(39,769)
Deferred tax (note 41)	678,451	939,145
Provisions for tax differences	(2,800)	(5,251)
	663,104	**894,125**

By virtue of law 3943/2011 (Government Gazette A' 66/31.3.2011), the corporate income tax rate of legal entities in Greece is 20% and the withholding tax imposed on distributed profits is 25%. For the subsidiaries operating abroad, the tax has been calculated according to the respective nominal tax rates that were imposed in the fiscal years of 2011 and 2012 (Bulgaria: 10%, Romania: 16%, Egypt: 20%, Serbia: 10%, Ukraine: 21% for 2012 and 23% for 2011, Cyprus: 10%, Albania: 10% and United Kingdom: 24%).

In accordance with the regulations of the Law 4110/23.1.2013, the income tax rate for legal entities increased (from 20% to 26%) whereas the tax rate for dividends distribution decreased (from 25% to 10%) for the years from 1/1/2013 and thereon. The Group will assess the effect of the change of the tax rate in 2013.

Piraeus Bank has been audited by the tax authorities and all the unaudited fiscal years until 2009 have been finalized. The unaudited tax years are included in note 16. In respect of the unaudited tax years, a relevant provision has been raised according to International Financial Reporting Standards (IFRS).

For the year 2011, the tax audit of the Bank conducted by PricewaterhouseCoopers S.A. has been completed and a non qualified Tax Compliance Report has been issued. Namely to the subsidiaries and

16. Income tax expense (Continued)

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 year 2011 has been completed and the relevant Tax Compliance Reports have been issued.

It is noted that year 2011 will be considered as final, for tax audit purposes, eighteen months after the submission of the Tax Compliance Report to the Ministry of Finance.

The deferred tax for the year 2012, is mainly due to the additional tax losses for this year, as well as to the recognition of income in the profit or loss account, arising from the additional deferred tax that related to bonds in the context of PSI program, which had not been recognized in the financial statements as at 31/12/2011. The recognition of the deferred tax was based on the change in the tax law (extending the period in which relevant tax losses can be offset from 5 years to the duration of the new bonds) that took place in the first quarter of 2012, in combination with the best estimates of the Management for the future evolution of the Bank's tax results which were based on the restructuring plan. The Bank has recognised deferred tax for the total amount of its tax losses, based on the best estimates of the Management, according to which there will be adequate profit s during the five year period to offset these losses.

Also, it shall be noted that in accordance with the regulations of the Law 4110/23.1.2013, the losses of legal entities, arising from the exchange of Greek Government bonds or corporate bonds guaranteed by the Hellenic Republic, under application of the program for participation in the restructuring of Greek debt, are deductible from gross income in 30 equal annual installments commencing from the year that exchange of securities took place.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Bank as follows:

	2012	2011
Results before tax	(1,185,367)	(7,516,149)
Tax calculated	237,073	1,503,230
Income not subject to tax (corresponding tax)	143,257	12,077
Non deductible expenses (corresponding tax) and provisions for unaudited fiscal years	(108,280)	(142,286)
Effect of different tax rates applied abroad	1,035	8,623
Impact on deferred tax from the future legally approved change of tax rate	(602)	(26,320)
Effect of results of investment in associates	2,933	(6,261)
Deferred tax on Impairment of securities	—	12,508
Effect of deferred tax that is estimated not to be offset	(19,436)	(467,445)
Effect of change in tax law for previous year's PSI losses	407,123	—
Income Tax	**663,104**	**894,125**

Audit Tax certificate

From the 2011 financial year and onwards, all Greek Societe Anonyme and Limited Liability Companies that are required to prepare audited statutory financial statements must in addition obtain an "Annual Tax Certificate" as provided for by paragraph 5 of Article 82 of L.2238/1994. This "Annual Tax Certificate" must be issued by the same statutory auditor or audit firm that issues the audit opinion on the statutory financial statements. Upon completion of the tax audit, the statutory auditor or audit firm must issue to the entity a "Tax Compliance Report" which will subsequently be submitted electronically to the Ministry of Finance, by the statutory auditor or audit firm. This "Tax Compliance Report" must be submitted to the Ministry of Finance, within ten days of the date of approval of the financial statements by the General Meeting of Shareholders. The Ministry of Finance will subsequently select a sample of at least 9% of all companies for which a "Tax Compliance Report" has been submitted for the performance of a tax audit by the relevant auditors from the Ministry of Finance.

16. Income tax expense (Continued)

The audit by the Ministry of Finance must be completed within a period of eighteen months from the date when the "Tax Compliance Report" was submitted to the Ministry of Finance.

Unaudited tax years

Piraeus Bank S.A. has not been audited by tax authorities for the fiscal years ended in 2010 and 2011.

For the fiscal year of 2012, the tax audit is being performed by PricewaterhouseCoopers S.A. The Company's management does not expect that additional tax liabilities will arise, in excess of those already recorded and presented in the financial statements, upon the completion of the tax audit.

As regards the Company's subsidiaries and affiliates, they have not been audited by the tax authorities for the financial years which are included in Note 27 of the Consolidated Financial Statements and therefore their tax liabilities for these years have not been finalized.

For the unaudited years, there might be a possibility to arise additional taxes and charges at the time they will be audited and closed.

When considered appropriate, a provision is booked on a company by company basis, to cover possible additional taxes, based on the findings of the tax audits of prior years.

17. Earnings/(Losses) per share

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

Basic and diluted earnings/(losses) per share from continuing operations	**1/1-31/12/2012**	**1/1-31/12/2011**
Net profit/(loss) attributable to ordinary shareholders of the parent entity from continuing activities	(513,279)	(6,617,196)
Weighted average number of ordinary shares in issue	1,142,930,123	1,081,944,334
Basic and diluted earnings/(losses) per share (in euros) from continuing operations	(0.4491)	(6.1160)

Basic and diluted earnings/(losses) per share from discontinued operations	**1/1-31/12/2012**	**1/1-31/12/2011**
Net profit/(loss) attributable to ordinary shareholders of the parent entity from discontinued operations	12,976	3,817
Weighted average number of ordinary shares in issue	1,142,930,123	1,081,944,334
Basic and diluted earnings/(losses) per share (in euros) from discontinued operations	0.0114	0.0035

18. Analysis of other comprehensive income

Continuing operations

1/1 - 31/12/2012	**Before-Tax amount**	**Tax**	**Net-of-Tax amount**
Net change in available for sale reserve	146,802	(32,358)	114,444
Change in currency translation reserve	3,640	—	3,640
Other Comprehensive Income from continuing operations	**150,442**	**(32,358)**	**118,084**

18. Analysis of other comprehensive income (Continued)

1/1 - 31/12/2011	Before-Tax amount	Tax	Net-of-Tax amount
Net change in available for sale reserve	347,026	(76,807)	270,219
Change in currency translation reserve	(6,423)	—	(6,423)
Other Comprehensive Income from continuing operations	**340,603**	**(76,807)**	**263,796**

Discontinued operations

1/1 - 31/12/2012	Before-Tax amount	Tax	Net-of-Tax amount
Net change in available for sale reserve	9,775	—	9,775
Change in currency translation reserve	3,287	—	3,287
Other Comprehensive Income from discontinued operations	**13,062**	**0**	**13,062**

1/1 - 31/12/2011	Before-Tax amount	Tax	Net-of-Tax amount
Net change in available for sale reserve	(922)	448	(474)
Change in currency translation reserve	1,301	—	1,301
Other Comprehensive Income from discontinued operations	**379**	**448**	**827**

19. Cash and balances with the Central Banks

	31 December 2012	31 December 2011
Cash in hand	779,859	302,565
Nostros and sight accounts with other banks	481,423	733,887
Balances with central bank	725,588	930,324
Cheques clearing system — Central Banks	103,000	158,362
Included in cash and cash equivalents less than 90 days (note 47)	**2,089,870**	**2,125,138**
Blocked Deposits	769,779	—
Mandatory reserves with Central Banks	447,854	427,580
	3,307,503	**2,552,717**

Mandatory reserves with the Central Banks and blocked deposits are not available for everyday use by the Group. The interest rates for nostros and sight accounts are floating.

20. Loans and advances to credit institutions

	31 December 2012	31 December 2011
Placements with banks	361,428	160,259
Cheques receivables	857	2,858
Reverse repurchase agreements	8,214	128,493
Included in cash and cash equivalents less than 90 days (Note 47)	**370,499**	**291,610**
Placements with banks	9,886	21,952
Cheques receivables	—	2,574
Loan and advances to credit institutions above 90 days	**9,886**	**24,527**
Total loans and advances to credit institutions	**380,384**	**316,136**

20. Loans and advances to credit institutions (Continued)

The interest rates for total loans and advances to credit institutions are floating.

	31 December 2012	31 December 2011
Current loans and advances to credit institutions (up to 1 year)	376,827	298,267
Non current loans and advances to credit institutions (more than 1 year)	3,557	17,869
	380,384	**316,136**

21. Derivative financial instruments

Derivative financial instruments held by the Group include Currency Forwards, Interest Rate Futures, Interest rate or/and Currency Swaps, Call/Put Options on interest or/and currency or/and shares.

The notional amounts and fair values of derivative instruments held as at year end are set out below:

At 31 December 2012	Notional amounts	Fair values	
		Assets	Liabilities
Derivatives held for trading			
Futures	1,132,300	—	—
Interest rate swaps	4,761,110	424,773	418,740
Currency swaps	3,225,074	15,318	964
FX forwards	174,292	134	2,670
Options and other derivative instruments	4,328	1,020	710
Cross Currency Interest Rate Swaps	1,744,331	—	—
		441,245	**423,084**
Embedded equity derivatives			
Customer deposits/loans linked to options	34,861	72	43
Derivatives held for fair value hedging			
Interest rate swaps	6,584	—	392
Total recognised derivative assets/liabilities		**441,317**	**423,519**

At 31 December 2011	Notional amounts	Fair values	
		Assets	Liabilities
Derivatives held for trading			
Futures	20,000	—	—
Asset swaps	10,915	266	3,438
Interest rate swaps	6,518,607	339,534	364,997
Currency swaps	7,272,580	2,450	8,242
FX forwards	135,116	866	165
Options and other derivative instruments	2,418,800	36,081	5
		379,197	**376,846**
Embedded equity derivatives			
Customer deposits/loans linked to options	29,868	41	15
Derivatives held for fair value hedging			
Interest rate swaps	102,676	—	12,866
Total recognised derivative assets/liabilities		**379,238**	**389,728**

21. Derivative financial instruments (Continued)

Interest rate swaps held for trading purposes mainly include interest rate swaps with customers and their opposite contracts with other banks in order to reduce the Bank's exposure (back to back contracts).

The Group uses derivatives for hedging purposes in order to reduce its exposure to market risk. This is achieved by hedging specific financial instruments or portfolios. The hedging practices and accounting treatment are disclosed in note 2.4. The Group hedges part of its interest rate risk, which results from potential decrease in the fair value of fixed rate bonds included in "Debt securities—receivables". Hedging is achieved by using interest rate swaps.

The net fair value of these interest rate swaps as at 31/12/2012 was € 0.4 million liability (2011: € 12.9 million liability). The losses on the hedging instruments were € 0.6 million (2011: € 0.7 million loss). The gains on the hedged item attributable to the hedged risk were € 0.6 million (2011: € 0.7 million gain).

22. Financial assets at fair value through profit or loss

Trading securities	31 December 2012	31 December 2011
Treasury bills	4,459	—
Foreign government bonds	6,935	—
Foreign government treasury bills	—	39,944
Included in cash and cash equivalents less than 90 days (note 47)	**11,393**	**39,944**
Greek government bonds	5,416	107,367
Foreign government bonds	316,748	280,585
Corporate entities bonds	95	9,538
Bank bonds	56	56
Greek government treasury bills	16,859	8,144
Foreign government treasury bills	—	8,247
	339,175	**413,938**
Athens stock exchange listed shares	11,628	9,204
Foreign stock exchanges listed shares	6	5
Mutual funds	666	1,221
	12,299	**10,431**
Total trading securities	**362,868**	**464,313**
Other financial assets at fair value through profit or loss	**7,833**	**9,922**

From the above mentioned trading securities as at 31/12/2012, amount of € 287 million relates to fixed income securities (2011: € 393 million), amount of € 5 million relates to floating rate securities (2012: € 12 million) and amount of € 59 million relates to zero coupon bonds (2011: € 49 million).

The change in the value of Greek Government Bonds is due to the completion of the revised private sector involvement program (PSI), for which reference is made in note 4.

Securities pledged are presented in note 43.

23. Reverse repos with customers

The Group enters into agreements for the resale of securities (reverse repos), either with retail clients or corporate entities, collateralised mainly with securities issued by the Greek State.

	31 December 2012	31 December 2011
Reverse repos with customers—individuals	1,840	30,096
Reverse repos with customers—corporate entities	34,084	27,299
Total reverse repos with customers	**35,924**	**57,395**

24. Loans and advances to customers and debt securities—receivables

A) Loan and advances to customers

	31 December 2012	31 December 2011
Mortgages	12,471,397	6,808,633
Consumer/personal and other loans	3,797,057	3,172,900
Credit cards	1,020,994	750,929
Loans to individuals	**17,289,448**	**10,732,463**
Loans to corporate entities	31,156,201	26,325,555
Total loans and advances to customers	**48,445,650**	**37,058,018**
Less: Allowance for impairment on loans and advances to customers	(3,832,964)	(3,052,399)
Loans and advances to customers (net of provisions)	**44,612,686**	**34,005,619**
Current loans and advances to customers (up to 1 year)	22,253,679	13,927,088
Non current loans and advances to customers (more than 1 year)	22,359,007	20,078,531
	44,612,686	**34,005,619**

Out of the total loans and advances to customers (before allowances for losses), fixed rate loans amount to € 4,519 million (2011: € 1,444 million) and floating rate loans amount to € 43,927 million (2011: € 35,614 million).

24. Loans and advances to customers and debt securities—receivables (Continued)

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

	Loans to individuals					
	Credit cards	Consumer/personal loans	Mortgages	Total of loans to individuals	Loans to corporate entities/Public sector	Total
Opening balance at 1/1/2011	**158,893**	**439,244**	**84,212**	**682,349**	**750,729**	**1,433,077**
Charge for the year	**24,792**	**234,572**	**41,533**	**300,897**	**1,737,717**	**2,038,614**
—From continuing operations	**24,792**	**234,572**	**41,533**	**300,897**	1,738,176	**2,039,073**
—From discontinued operations	**—**	**—**	**—**	**0**	(459)	**(459)**
Loans written-off	**(25,828)**	**(82,695)**	**(4)**	**(108,527)**	**(235,468)**	**(343,994)**
—From continuing operations	(25,828)	(82,695)	—	**(108,523)**	(235,468)	**(343,990)**
—From discontinued operations	—	—	(4)	**(4)**	—	**(4)**
Foreign exchange differences	**50**	**2,053**	**306**	**2,408**	**10,359**	**12,767**
—From continuing operations	50	2,050	261	**2,361**	10,094	**12,454**
—From discontinued operations	0	3	44	**47**	265	**312**
Closing balance for Egypt companies (discontinued operations for the year 2011)	(4,674)	(13,185)	(13)	**(17,872)**	(70,193)	**(88,065)**
Closing balance at 31/12/2011	**153,232**	**579,989**	**126,034**	**859,256**	**2,193,144**	**3,052,399**

	Loans to individuals					
	Credit cards	Consumer/personal loans	Mortgages	Loans to individuals	Loans to corporate entities/Public sector	Total
Opening balance at 1/1/2012	153,232	579,989	126,034	**859,256**	**2,193,144**	**3,052,399**
Opening balance for Egypt companies (discontinued operations for the year 2011)	4,674	13,185	13	**17,872**	70,193	88,065
Opening balance for discontinued operations	0	(10)	(538)	**(547)**	(6,603)	(7,150)
Charge for the year from continuing operations	46,338	233,038	73,573	**352,948**	1,603,921	1,956,869
Write offs of loans from continuing operations	(12,999)	(33,617)	(8,942)	**(55,557)**	(1,180,782)	(1,236,339)
Foreign exchange differences from continuing operations	(449)	(2,790)	29	**(3,211)**	(7,335)	(10,546)
Other movements from continuing operations	—	—	—	**0**	(10,335)	(10,335)
Closing balance at 31/12/2012	**190,796**	**789,796**	**190,168**	**1,170,760**	**2,662,203**	**3,832,964**

"Other Movements" include: a) a transfer of an amount of € 10.6 million from "Other provisions", b) a transfer of an impairment of € 4 million to "property, plant and equipment" and c) a transfer of € 17 million to "other assets". It is noted that the respective receivables accounts are included in the aforementioned lines.

"Impairment losses on loans, debt securities and other receivables" in the Income Statement for the year 2012 includes an amount of € 83.9 million that relates to impairment losses on other receivables, an amount of € 16.8 million that relates to loans written-off directly in the income

24. Loans and advances to customers and debt securities—receivables (Continued)

statement and an amount of € 14.2 million that relates to income from repossesion of corporate loans collaterals.

Allowance for loans and advances to customers	31 December 2012	31 December 2011
Individually impaired	2,506,068	2,065,635
Collective allowance	1,326,896	986,765
Total	**3,832,964**	**3,052,399**

Loans and advances to customers include finance lease receivables:

Gross investments in finance leases	31 December 2012	31 December 2011
Up to 1 year	380,478	353,483
From 1 to 5 years	498,679	552,817
More than 5 years	688,307	800,442
	1,567,465	**1,706,741**
Unearned future finance income	(263,553)	(399,396)
Net investments in finance leases	**1,303,912**	**1,307,345**

Net investments in finance leases are analysed as follows:

	31 December 2012	31 December 2011
Up to 1 year	344,260	298,611
From 1 to 5 years	392,205	399,218
More than 5 years	567,448	609,516
	1,303,912	**1,307,345**

B) Debt securities—receivables

	31 December 2012	31 December 2011
Corporate entities debt securities—receivables	4,740	4,834
Bank debt securities—receivables	23,846	23,178
Greek government bonds debt securities—receivables	1,415,002	3,098,629
Foreign government bonds debt securities—receivables	6,596,255	198,024
Total debt securities—receivables	**8,039,843**	**3,324,665**
Less: Allowance for impairment on debt securities—receivables	**(23,846)**	**(1,696,489)**
Debt securities—receivables (net of provisions)	**8,015,997**	**1,628,176**
Current loans of debt securities receivables (up to 1 year)	82,372	245,346
Non current loans of debt securities receivables (more than 1 year)	7,933,625	1,382,830
	8,015,997	**1,628,176**

The change in the value of Greek Government Bonds is mainly due to the completion of the revised private sector involvement program (PSI), for which reference is made in note 4, and due to acquisition of Greek Government Bonds under the transfer agreement of selected assets and liabilities of ex ATEbank.

Debt securities—receivables as at 31/12/2012 include Greek Government Bonds of nominal value € 1,457 million, which were issued according to the requirements of Law 3723/2008 "Enhancement of the Greek economy's liquidity". From these, debt securities with nominal value of € 782 million were

24. Loans and advances to customers and debt securities—receivables (Continued)

transferred to Piraeus Bank in order to cover the issuance of Piraeus Bank's preference shares to the Greek State of amount € 370 million in 2009 and € 380 million in 2011. Additionally, debt securities with nominal value of € 675 million were acquired by Piraeus Bank under the transfer agreement of selected assets and liabilities of ex ATEbank. The book value of the above mentioned debt securities, which were excluded from the PSI, amounts to € 1,415 million as at 31/12/2012 and was based on recent estimates of the fair value, by independent specialized auditors.

Foreign Government Bonds refer to EFSF Bonds which the Bank received under the transfer agreement of selected assets and liabilities of ex ATEbank.

Movement in allowance (impairment) on debt securities—receivables	Debt securities—receivables
Opening balance at 1/1/2011	**0**
Charge for the year	**1,696,489**
—From continuing operations	1,696,489
—From discontinued operations	—
Closing balance at 31/12/2011	**1,696,489**
Opening balance at 1/1/2012	**1,696,489**
Charge for the year from continuing operations	13,846
Exchange on debt securities—receivables from continuing operations	(1,686,489)
Closing balance at 31/12/2012	**23,846**

25. Investment securities

Available for sale securities	31 December 2012	31 December 2011
Bonds and other fixed income securities		
Greek government bonds	70,544	154,756
Foreign government bonds and EFSF bonds	826,495	286,642
Corporate entities bonds	339,503	42,901
Bank bonds	96,963	9,398
Greek government treasury bills	2,871,679	1,909,471
Foreign government treasury bills	134,555	54,156
Total (A)	**4,339,739**	**2,457,324**
Shares and other variable income securities		
Athens stock exchange listed shares	150,429	29,177
Foreign stock exchanges listed shares	26,008	18,298
Unlisted shares	237,942	155,074
Mutual funds	52,593	85,193
Other variable income securities	29,763	—
Total (B)	**496,736**	**287,741**
Total available for sale securities (A)+(B)	**4,836,475**	**2,745,065**

The change in the value of Greek Government Bonds is mainly due to the completion of the revised private sector involvement program (PSI), for which reference is made in note 4, due to acquisition of Greek Government Bonds under the transfer agreement of selected assets and liabilities of ex ATEbank and due to the completion of the buy back program of Greek Government bonds. Furthermore, the increase in shares and bank bonds is mainly due to the acquisition of shares and bank bonds of ex ATEbank.

25. Investment securities (Continued)

As at 31/12/2012, amount of € 976 million relates to investment portfolio bonds and treasury bills with fixed rates (2011: € 501.4 million), amount of € 420 million relates to floating rate bonds (2011: € 40.8 million) and amount of € 2,944 million relates to zero coupon bonds (2011: € 1,915.1 million).

The movement in the available for sale portfolio is summarised as follows:

	31 December 2012	31 December 2011
Opening balance	**2,745,065**	**2,051,103**
Opening balance for Egypt companies (discontinued operations for the year 2011)	77,371	—
Opening balance from discontinued operations	(31,106)	(45,417)
Balance of ATEbank and its subsidiaries at acquitition date	1,133,380	—
Opening balance of subsidiaries companies that sold	—	(953)
Opening balance from new companies	109,142	—
Additions	9,687,204	5,319,270
Transfer from associates (note 27)	—	15,151
Disposals/maturities	(10,490,527)	(4,165,375)
Changes in fair value	563,372	(363,002)
Transfers to associates (note 27)	(820)	(7,130)
Impairment charge	(70,561)	(56,540)
Derecognition of Greek Government bonds due to PSI	(153,688)	—
Recognition of EFSF bonds due to PSI	1,274,735	
Foreign exchange differences	(7,092)	(2,040)
Balance at the end of the year	**4,836,474**	**2,745,065**

Held to maturity	31 December 2012	31 December 2011
Greek government bonds	—	1,198,239
Foreign government bonds	66,505	50,043
Corporate entities bonds	7,501	1,567
Total held to maturity	**74,006**	**1,249,849**

As at 31/12/2012, held to maturity securities relates to fixed rates with an amount of € 74 million (2011: € 1,200 million).

Movement of the held to maturity securities	31 December 2012	31 December 2011
Opening balance	1,249,849	5,056,820
Opening balance for Egypt companies (discontinued operations for the year 2011)	11,181	—
Opening balance from discontinued operations	(11,275)	(14,459)
Balance of ATEbank and its subsidiaries at acquitition date	32,582	—
Additions	126,115	104,407
Sale/maturity of securities	(1,026,560)	(634,225)
Impairment of Greek Government bonds	(306,850)	(3,261,866)
Coupon receipts	—	(1,750)
Foreign exchange differences	(1,036)	921
Balance at the end of the year	**74,006**	**1,249,849**

During 2012, "Sale/Maturity of securities" mainly includes sales of GGBs in the context of Piraeus Bank's participation in the buyback program in order to reduce Greek Government's debt. This event

25. Investment securities (Continued)

is an isolated event that could not have been anticipated when securities were acquired and initially classified, beyond the Bank's control and non-recurring, altering the Bank's strategy and sold these bonds. Therefore, these sales meet IAS 39 rules and there is no need to apply the tainting provisions.

	31 December 2012	31 December 2011
Current investments securities (up to 1 year)	3,563,595	2,251,846
Non current investments securities (more than 1 year)	850,150	1,455,327
Total of investments securities	**4,413,745**	**3,707,173**

26. Reclassification of financial assets

The Investment portfolio as at 31/12/2012 includes shares and mutual funds, which have been reclassified during the financial year 2008 from the "Trading securities" portfolio. Specifically, the "Available for sale securities" portfolio as at 31/12/2012 includes shares and mutual funds with fair value of € 10.7 million. The revaluation profit of € 1.0 million for 2012 has been recognized in the "Available for Sale reserve". In the Income Statement of the year, there have been recognized a profit of € 3.7 million from the sale of reclassified shares and an impairment loss of € 2.5 million of the above mentioned shares. Also, during the year, reclassified bonds with nominal value of € 23.2 million were sold from the "Available for Sale securities" portfolio. A loss of € 10.9 million from the sale of reclassified bonds has been recognized in the Income Statement of the year.

"Debt securities—receivables" portfolio as at 31/12/2012 includes bonds with fair value of € 3.1 million (amortized cost of € 4.7 million) which have been reclassified from the "Available for sale securities" portfolio during the financial years 2008 and 2010. "Loans and advances to credit institutions" portfolio includes bank bonds with fair value of € 5.9 million (amortized cost € 5.7 million), which have been reclassified from the "Available for sale securities" portfolio during the financial year 2008. If these bonds had not been reclassified, a revaluation loss of € 0.6 million would have been recognized in the "Available for sale reserve" of 31/12/2012. No gains or losses from the sale of reclassified bonds have been recognized in the Income Statement of the year 2012.

During the year, all reclassified Greek Government bonds were derecognized under the revised Private Sector Involvement program (PSI).

27. Investments in subsidiaries and associate companies

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

A) Subsidiaries companies (full consolidation method)

a/a	Name of Company	Activity	% holding	Country	Unaudited tax years
1.	Tirana Bank I.B.C. S.A.	Banking activities	98.48%	Albania	2012
2.	Piraeus Bank Romania S.A.	Banking activities	100.00%	Romania	2007-2012
3.	Piraeus Bank Beograd A.D.	Banking activities	100.00%	Serbia	2006-2012
4.	Piraeus Bank Bulgaria A.D.	Banking activities	99.98%	Bulgaria	2010-2012
5.	Piraeus Bank Egypt S.A.E.	Banking activities	98.30%	Egypt	2003-2012
6.	JSC Piraeus Bank ICB	Banking activities	99.99%	Ukraine	2011-2012
7.	Piraeus Bank Cyprus LTD	Banking activities	100.00%	Cyprus	2007-2012
8.	Piraeus Asset Management Europe S.A.	Mutual funds management	100.00%	Luxemburg	—
9.	Piraeus Leasing Romania S.R.L.	Finance leases	100.00%	Romania	2003-2012
10.	Piraeus Insurance and Reinsurance Brokerage S.A.	Insurance and reinsurance brokerage	100.00%	Greece	2010-2012
11.	Tirana Leasing S.A.	Finance leases	100.00%	Albania	2012
12.	Piraeus Securities S.A.	Stock exchange operations	100.00%	Greece	2010-2012
13.	Piraeus Group Capital LTD	Debt securities issue	100.00%	United Kingdom	—
14.	Piraeus Leasing Bulgaria EAD	Finance leases	100.00%	Bulgaria	2008-2012
15.	Piraeus Group Finance P.L.C.	Debt securities issue	100.00%	United Kingdom	2011-2012
16.	Piraeus Factoring S.A.	Corporate factoring	100.00%	Greece	2010-2012
17.	Picar S.A.	City Link areas management	100.00%	Greece	2010-2012
18.	Bulfina S.A.	Property management	100.00%	Bulgaria	2008-2012
19.	General Construction and Development Co. S.A.	Property development/holding company	66.67%	Greece	2010-2012
20.	Pireaus Direct Services S.A.	Call center services	100.00%	Greece	2010-2012
21.	Komotini Real Estate Development S.A.	Property management	100.00%	Greece	2010-2012
22.	Piraeus Real Estate S.A.	Construction company	100.00%	Greece	2011-2012
23.	ND Development S.A.	Property management	100.00%	Greece	2010-2012
24.	Property Horizon S.A.	Property management	100.00%	Greece	2010-2012
25.	ETVA Industrial Parks S.A.	Development/management of industrial areas	65.00%	Greece	2010-2012
26.	Piraeus Development S.A.	Property management	100.00%	Greece	2010-2012
27.	Piraeus Asset Management S.A.	Mutual funds management	100.00%	Greece	2010-2012
28.	Piraeus Buildings S.A.	Property development	100.00%	Greece	2010-2012
29.	Estia Mortgage Finance PLC	SPE for securitization of mortgage loans	—	United Kingdom	—
30.	Euroinvestment & Finance Public LTD	Asset management, real estate operations	90.89%	Cyprus	2006-2012
31.	Lakkos Mikelli Real Estate LTD	Property management	50.66%	Cyprus	2009-2012
32.	Philoktimatiki Public LTD	Land and property development	53.31%	Cyprus	2009-2012
33.	Philoktimatiki Ergoliptiki LTD	Construction company	53.31%	Cyprus	2008-2012
34.	New Evolution S.A.	Property, tourism & development company	100.00%	Greece	2010-2012
35.	Imperial Stockbrokers Limited	Stock exchange operations	100.00%	Cyprus	2007-2012
36.	Imperial Eurobrokers Limited	Stock exchange operations	100.00%	Cyprus	2008-2012
37.	EMF Investors Limited	Investment company	100.00%	Cyprus	2008-2012
38.	Euroinvestment Mutual Funds Limited	Mutual funds management	100.00%	Cyprus	2007-2012
39.	Bull Fund Limited	Investment company	100.00%	Cyprus	2008-2012
40.	Piraeus Green Investments S.A.	Holding company	100.00%	Greece	2011-2012
41.	New Up Dating Development Real Estate and Tourism S.A.	Property, tourism & development company	100.00%	Greece	2005-2012
42.	Sunholdings Properties Company LTD	Land and property development	26.66%	Cyprus	2008-2012
43.	Polytropon Properties Limited	Land and property development	39.98%	Cyprus	2008-2012

27. Investments in subsidiaries and associate companies (Continued)

a/a	Name of Company	Activity	% holding	Country	Unaudited tax years
44.	Capital Investments & Finance S.A.	Investment company	100.00%	Liberia	—
45.	Vitria Investments S.A.	Investment company	100.00%	Panama	—
46.	Piraeus Insurance Brokerage EOOD	Insurance brokerage	99.98%	Bulgaria	2007-2012
47.	Trieris Real Estate Management LTD	Management of Trieris Real Estate Ltd	100.00%	British Virgin Islands	—
48.	Piraeus Egypt Leasing Co.	Finance leases	98.30%	Egypt	2007-2012
49.	Piraeus—Egypt Asset Management Co.	Property administration	98.30%	Egypt	2005-2012
50.	Piraeus Egypt for Securities Brokerage Co.	Stock exchange operations	98.30%	Egypt	2007-2012
51.	Piraeus Insurance Reinsurance Broker Romania S.R.L.	Insurance and reinsurance brokerage	100.00%	Romania	2009-2012
52.	Piraeus Real Estate Consultants S.R.L.	Construction company	100.00%	Romania	2007-2012
53.	Piraeus Leases S.A.	Finance leases	100.00%	Greece	2007-2012
54.	Orion Energy Photovoltaics S.A.	PV Solar projects development	65.00%	Greece	2007-2012
55.	Astraios Energy Photovoltaics S.A.	PV Solar projects development	65.00%	Greece	2007-2012
56.	Multicollection S.A.	Assessment and collection of commercial debts	51.00%	Greece	2009-2012
57.	Olympic Commercial & Tourist Enterprises S.A.	Operating leases— Rent-a-Car and long term rental of vehicles	94.98%	Greece	2009-2012
58.	Piraeus Rent Doo Beograd	Operating Leases	100.00%	Serbia	2007-2012
59.	Estia Mortgage Finance II PLC	SPE for securitization of mortgage loans	—	United Kingdom	—
60.	Piraeus Leasing Doo Beograd	Finance leases	100.00%	Serbia	2007-2012
61.	Piraeus Real Estate Consultants Doo	Construction company	100.00%	Serbia	2008-2012
62.	Piraeus Real Estate Bulgaria EOOD	Construction company	100.00%	Bulgaria	2007-2012
63.	Piraeus Real Estate Egypt LLC	Property management	100.00%	Egypt	2007-2012
64.	Piraeus Bank Egypt Investment Company	Investment company	98.28%	Egypt	2007-2012
65.	Piraeus Insurance Agency S.A.	Insurance—agency	100.00%	Greece	2008-2012
66.	Piraeus Capital Management S.A.	Venture capital fund	100.00%	Greece	2010-2012
67.	Piraeus Insurance Brokerage Egypt	Insurance brokerage	96.33%	Egypt	2008-2012
68.	Integrated Services Systems Co.	Warehouse & mail disribution managementt	97.31%	Egypt	2004-2012
69.	Axia Finance PLC	SPE for securitization of corporate loans	—	United Kingdom	—
70.	Piraeus Wealth Management A.E.P.E.Y.	Wealth management	65.00%	Greece	2010-2012
71.	Praxis Finance PLC	SPE for securitization of consumer loans	—	United Kingdom	—
72.	Axia Finance III PLC	SPE for securitization of corporate loans	—	United Kingdom	—
73.	Praxis II Finance PLC	SPE for securitization of consumer loans	—	United Kingdom	—
74.	Axia III APC LIMITED	SPE for securitization of corporate loans	—	United Kingdom	—
75.	Praxis II APC LIMITED	SPE for securitization of consumer loans	—	United Kingdom	—
76.	PROSPECT N.E.P.A.	Yachting management	100.00%	Greece	—
77.	R.E Anodus LTD	Consultancy serv. for real estate develop. and inv.	100.00%	Cyprus	2009-2012
78.	Pleiades Estate S.A.	Property management	100.00%	Greece	2010-2012
79.	Solum Ltd Liability Co.	Property management	99.00%	Ukraine	2009-2012
80.	Piraeus (Cyprus) Insurance Brokerage Ltd	Insurance brokerage	100.00%	Cyprus	2009-2012
81.	O.F. Investments Ltd	Investment company	100.00%	Cyprus	2010-2012
82.	DI.VI.PA.KA S.A.	Administrative and managerial body of the Kastoria industrial park	57.53%	Greece	2010-2012
83.	Piraeus Equity Partners Ltd.	Holding company	100.00%	Cyprus	2011-2012
84.	Piraeus Equity Advisors Ltd.	Investment advise	100.00%	Cyprus	2009-2012

27. Investments in subsidiaries and associate companies (Continued)

a/a	Name of Company	Activity	% holding	Country	Unaudited tax years
85.	Achaia Clauss Estate S.A.	Property management	74.47%	Greece	2010-2012
86.	Piraeus Equity Investment Management Ltd	Investment management	100.00%	Cyprus	2009-2012
87.	Piraeus FI Holding Ltd	Holding company	100.00%	British Virgin Islands	—
88.	Piraeus Master GP Holding Ltd	Investment advice	100.00%	British Virgin Islands	—
89.	Piraeus Clean Energy GP Ltd	General partner of Piraeus Clean Energy LP	100.00%	Cyprus	2009-2012
90.	Curdart Holding Ltd	Holding company	100.00%	Cyprus	2009-2012
91.	Piraeus Clean Energy LP	Renewable Energy Investment Fund	100.00%	United Kingdom	2010-2012
92.	Piraeus Clean Energy Holdings LTD	Holding Company	100.00%	Cyprus	2010-2012
93.	Visa Rent A Car A.E.	Rent A Car company	94.98%	Greece	2010-2012
94.	Adflikton Investments LTD	Property Management	100.00%	Cyprus	2009-2012
95.	Cospleon Investments LTD	Property Management	100.00%	Cyprus	2010-2012
96.	Cutsofiar Enterprises LTD	Property Management	100.00%	Cyprus	2010-2012
97.	Gravieron Company LTD	Property Management	100.00%	Cyprus	2008-2012
98.	Kaihur Investments LTD	Property Management	100.00%	Cyprus	2007-2012
99.	Pertanam Enterprises LTD	Property Management	100.00%	Cyprus	2007-2012
100.	Rockory Enterprises LTD	Property Management	100.00%	Cyprus	2010-2012
101.	Topuni Investments LTD	Property Management	100.00%	Cyprus	2007-2012
102.	Albalate Company LTD	Property Management	100.00%	Cyprus	2011-2012
103.	Akimoria Enterprises LTD	Property Management	100.00%	Cyprus	2011-2012
104.	Alarconarco Enterprises LTD	Property Management	100.00%	Cyprus	2011-2012
105.	Kosmopolis A' Shopping Centers S.A.	Shopping Center's Management	100.00%	Greece	2010-2012
106.	Parking Kosmopolis S.A.	Parking Management	100.00%	Greece	2010-2012
107.	Zibeno Investments Ltd	Holding Company	83.00%	Cyprus	2011-2012
108.	Bulfinace E.A.D.	Property Management	100.00%	Bulgaria	2008-2012
109.	Zibeno I Energy S.A.	Energy generation through renewable energy resources	83.00%	Greece	2012
110.	Asset Management Bulgaria EOOD	Travel—rental services and property management	100.00%	Bulgaria	2012
111.	Arigeo Energy Holdings Ltd	Holding Company in Renewable Energy	100.00%	Cyprus	2012
112.	Exus Software Ltd.	IT products Retailer	50.10%	United Kingdom	2012
113.	Proiect Season Residence SRL	Real Estate Development	100.00%	Romania	2012
114.	Piraeus Jeremie Technology Catalyst Management S.A.	Management of Venture Capital Fund	100.00%	Greece	2012
115.	ATE Bank Romania S.A.	Banking activities	93.27%	Romania	2005-2012
116.	ABG Mutual Funds Management Company S.A.	Mutual funds management	100.00%	Greece	2010-2012
117.	KPM Energy S.A.	Energy generation and exploitation through renewable energy resources	80.00%	Greece	2012
118.	Geniki Bank S.A.	Banking activities	99.08%	Greece	2005-2012
119.	Geniki Leasing S.A.	Finance leases	99.08%	Greece	2008-2012
120.	Geniki Financial & Consulting Services S.A.	Financial & Conulting Services	99.08%	Greece	2010-2012
121.	Geniki Insurance Agency S.A.	Insurance Agency	99.08%	Greece	2010-2012
122.	Geniki Information S.A.	Assessment and collection of commercial debts	99.08%	Greece	2010-2012
123.	Solum Enterprise LLC	Property management	99.00%	Ukraine	2012

Companies numbered 29, 59, 69, και 71-75 are special purpose vehicles for securitization of loans and issuance of debt securities. Companies numbered 42 and 43 although presenting less than 50% holding percentage, are included in the Group's subsidiaries' portfolio due to existence of control.

27. Investments in subsidiaries and associate companies (Continued)

Also, as at 31/12/2012 the companies numbered 28, 44, 45, 56 and 61 were under liquidation.

B) Associate companies (equity accounting method)

a/a	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	2010-2012
2.	Evros' Development Company S.A.	European community programs management	30.00%	Greece	2010-2012
3.	Project on Line S.A.	Information technology & software	40.00%	Greece	2010-2012
4.	Alexandria for Development & Investment	Investment company	21.63%	Egypt	2008-2012
5.	Nile Shoes Company	Footwear seller—manufacturer	38.67%	Egypt	2003-2012
6.	APE Commercial Property Real Estate Tourist and Development S.A.	Holding Company	27.80%	Greece	2010-2012
7.	APE Fixed Assets Real Estate Tourist and Development S.A.	Real estate, development/tourist services	27.80%	Greece	2010-2012
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	2010-2012
10.	APE Investment Property S.A.	Real estate, development/tourist services	27.20%	Greece	2010-2012
11.	Sciens International Investments & Holding S.A.	Holding company	28.10%	Greece	2010-2012
12.	Trastor Real Estate Investment Company	Real estate investment property	33.80%	Greece	2006-2012
13.	Euroterra S.A.	Property management	39.22%	Greece	2010-2012
14.	Rebikat S.A.	Property management	40.00%	Greece	2010-2012
15.	Abies S.A.	Property management	40.00%	Greece	2010-2012
16.	ACT Services S.A.	Accounting and tax consulting	49.00%	Greece	2010-2012
17.	Exodus S.A.	Information tchnology & software	50.10%	Greece	2010-2012
18.	Good Works Energy Photovoltaics S.A.	Contruction & operation PV solar projects	33.15%	Greece	2006-2012
19.	Entropia Ktimatiki S.A.	Property Management	33.30%	Greece	2010-2012
20.	Piraeus—TANEO Capital Fund	Venture capital fund	50.01%	Greece	—
21.	AIK Banka	Banking activities	20.86%	Serbia	2006-2012
22.	Teiresias S.A.	Inter banking company. Development, operation and management of information systems	22.28%	Greece	2008-2012
23.	PJ Tech Catalyst Fund	Management of Venture Capital Fund closed type	30.00%	Greece	—
24.	Pyrrichos S.A.	Property management	50.62%	Greece	2009-2012

The company numbered 17 is included in the associate companies' portfolio, as Piraeus Bank Group owns 40.10% of the voting rights. The company numbered 20 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 24 is included in the associate companies' portfolio since the Group has significant influence and not control. Changes in the portfolio of subsidiaries and associates are analysed in note 49.

27. Investments in subsidiaries and associate companies (Continued)

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.

a/a	Name of Company	Activity	% holding	Country	Unaudited tax years
1.	ATE Insurance S.A.	Insurance	100.00%	Greece	2008-2012
2.	ATE Insurance Romania S.A.	Insurance	99.47%	Romania	2007-2012

D) Movement on investment in associates

	31 December 2012	31 December 2011
Opening balance	214,641	211,796
Opening balance for Egypt companies (discontinued operations for the year 2011)	1,406	(1,559)
Opening balance from new companies	69,644	—
Additions	1,453	46,156
Disposals	(18)	(1,377)
Share of profit/(loss) after tax	14,666	(31,341)
Transfers from available for sale portfolio (note 25)	821	7,130
Transfers to available for sale portfolio (note 25)	—	(15,151)
Transfers from the portfolio of the subsidiary companies	—	265
Share in dividends paid	(2,271)	(2,987)
Impairment	(596)	—
Foreign exchange differences and other adjustments	1,949	1,709
Balance at the end of the year	**301,696**	**214,642**

Basic Financial data of Associates

		31 December 2012				
Company	Country	Participation %	Profit/(Loss) before tax	Total revenues	Total assets	Total liabilities
CRETE SCIENT. & TECH. PARK MANAG. & DEV. CO. S.A.	Greece	30.45%	3	35	188	5
"EVROS" DEVELOPMENT COMPANY S.A.	Greece	30.00%	4	1,354	1,666	1,600
PROJECT ON LINE S.A.	Greece	40.00%	(39)	497	19	579
APE COMMERCIAL PROPERTY REAL ESTATE TOURIST AND DEVELOPMENT S.A.	Greece	27.80%	(2,099)	388	66,285	1,449
APE FIXED ASSETS REAL ESTATE TOURIST AND DEVELOPMENT S.A.	Greece	27.80%	(181)	5	71,971	240
TRIERIS REAL ESTATE LTD	British Virgin Islands	22.94%	(1,182)	1,994	47,296	17,135
EUROPEAN RELIANCE GEN. INSURANCE CO. S.A.	Greece	30.23%	*	*	*	*
APE INVESTMENT PROPERTY S.A.	Greece	27.20%	(14,722)	14	151,855	151,855
SCIENS INTERNATIONAL INVESTMENTS & HOLDING S.A.	Greece	28.10%	2,727	12,543	236,295	115,908
TRASTOR REAL ESTATE INVESTMENT COMPANY	Greece	33.80%	(3,762)	(1,574)	94,476	8,655
EUROTERRA S.A.	Greece	39.22%	(433)	463	129,274	12,372
REBIKAT S.A.	Greece	40.00%	(26)	—	18,264	68
ABIES S.A.	Greece	40.00%	(39)	44	2,264	8
ACT SERVICES S.A. (former PIRAEUS ATFS S.A.)	Greece	49.00%	97	2,751	927	552
EXODUS S.A.	Greece	50.10%	(1,877)	6,427	9,178	7,337
GOOD WORKS ENERGY PHOTOVOLTAICS S.A.	Greece	33.15%	(6)	0	214	19
ENTROPIA KTIMATIKI S.A.	Greece	33.30%	(71)	0	30,253	7,108
PIRAEUS-TANEO CAPITAL FUND	Greece	50.01%	*	*	*	*
ALEXANDRIA FOR DEVELOPMENT & INVESTMENT	Egypt	21.63%	162	288	8,718	3,475

27. Investments in subsidiaries and associate companies (Continued)

Company	Country	31 December 2012 Participation %	Profit/(Loss) before tax	Total revenues	Total assets	Total liabilities
NILE SHOES COMPANY	Egypt	38.67%	17	1,161	1,376	0
AIK BANKA	Serbia	20.86%	*	*	*	*
TEIRESIAS S.A.	Greece	22.28%	(183)	3,874	7,058	3,620
PIRAEUS JEREMIE TECH CATALYST FUND	Greece	30.00%	(450)	0	0	0
PYRRICHOS S.A.	Greece	50.62%	(13)	87	16,011	18,096

(*) At the date of approval of the Bank's consolidated financial statements, the listed associate companies 'European Reliance Gen. Insurance Co. S.A.', Trastor Real Estate Investment Company and AIKBANKA, haven't published their annual financial statements for the year 2012. In case that the financial statements of associate companies are approved at a later date than the date the Group's consolidated financial statements are approved, draft financial data of these associate companies is consolidated under the equity method of accounting. According to stock market prices of 31/12/2012, the fair value of the Bank's shareholding to associate listed companies is as follows: European Reliance Gen. Insurance Co. S.A. € 8.1 million, Trastor Real Estate Investment Company € 11.6 million. The fair value of AIKBANKA according to the stock market prices of the non convertible preference and common shares as at 31/12/2012, amounts to € 27.2 million.

Company	Country	31 December 2011 Participation %	Profit/(Loss) before tax	Total revenues	Total assets	Total liabilities
CRETE SCIENT. & TECH. PARK MANAG. & DEV. CO. S.A.	Greece	30.45%	1	35	186	4
"EVROS" DEVELOPMENT COMPANY S.A.	Greece	30.00%	(87)	2,117	2,188	2,127
PROJECT ON LINE S.A.	Greece	40.00%	(47)	1,074	155	676
APE COMMERCIAL PROPERTY REAL ESTATE TOURIST AND DEVELOPMENT S.A.	Greece	27.80%	2,944	162	70,712	5
APE FIXED ASSETS REAL ESTATE TOURIST AND DEVELOPMENT S.A	Greece	27.80%	27,786	8	72,148	235
TRIERIS REAL ESTATE LTD	British Virgin Islands	22.94%	(1,311)	682	51,278	19,992
EUROPEAN RELIANCE GEN. INSURANCE CO. S.A.	Greece	30.23%	4,051	141,164	256,704	217,045
APE INVESTMENT PROPERTY S.A.	Greece	27.20%	(4,689)	17	152,013	137,291
SCIENS INTERNATIONAL INVESTMENTS & HOLDING S.A.	Greece	28.10%	(95,275)	(86,412)	230,875	112,454
EKATHARISEIS AKTOPLOIAS S.A.	Greece	49.00%	0	—	40	3
TRASTOR REAL ESTATE INVESTMENT COMPANY	Greece	33.80%	(131)	2,683	103,926	8,457
EUROTERRA S.A.	Greece	39.22%	9,164	351	127,658	10,323
REBIKAT S.A.	Greece	40.00%	(3,519)	—	18,222	0
ABIES S.A.	Greece	40.00%	(26)	67	2,314	19
ACT SERVICES S.A. (former PIRAEUS ATFS S.A.)	Greece	49.00%	89	2,568	1,141	812
EXODUS S.A.	Greece	50.10%	838	7,205	10,102	5,894
GOOD WORKS ENERGY PHOTOVOLTAICS S.A.	Greece	33.15%	(58)	0	278	69
ENTROPIA KTIMATIKI S.A.	Greece	33.30%	(20)	0	29,657	7,004
PIRAEUS-TANEO CAPITAL FUND	Greece	50.01%	0	0	15,915	1,001
ALEXANDRIA FOR DEVELOPMENT & INVESTMENT	Egypt	21.57%	137	259	9,257	4,444
NILE SHOES COMPANY	Egypt	38.56%	27	1,040	1,349	52

28. Balance sheet—Discontinued operations

The assets and liabilities as at 31/12/2012 concern the companies ATE Insurance S.A. and ATE Insurance Romania S.A., while assets and liabilities as at 31/12/2011 concern Piraeus Bank Egypt Group.

	31 December 2012	31 December 2011
ASSETS		
Cash and balances with Central Banks	1,305	113,092
Loans and advances to credit institutions	17	203,351
Trading securities	5,058	2,339
Loans and advances to customers (net of provisions)	0	493,255
Debt securities—receivables	0	176,792
Available for sale securities	109,980	77,371
Held to maturity	29,376	11,181
Investments in associated undertakings	0	1,406
Intangible assets	889	23,481
Property, plant and equipment	54,342	37,448
Investment property	2,246	0
Assets held for sale	0	1,091
Deferred tax assets	50,877	0
Other assets	123,094	16,409
Total Assets	**377,184**	**1,157,214**
LIABILITIES		
Due to credit institutions	0	49,159
Due to customers	0	930,172
Retirement benefit obligations	4,259	5,805
Other provisions	560,386	1,486
Current income tax liabilities	50	799
Deferred tax liabilities	15	3
Other liabilities	41,114	19,917
Total Liabilities	**605,824**	**1,007,341**

29. Intangible assets

2011

Cost	Goodwill	Software	Other intangible	Total
Opening balance as at 1 January 2011	223,374	231,728	98,327	553,429
Opening balance from discontinued operations	(13,289)	(15,184)	—	(28,473)
Balance of subsidiaries companies that sold, dispoded or changed portfolio	20	—	—	20
Opening balance of new subsidiaries on the date of acquisition	—	30	—	30
Additions	22,146	22,183	2,115	46,443
Transfers	—	19,582	16,969	36,550
Write-offs/disposals	(1)	(1,135)	(5)	(1,141)
Impairment of goodwill	(83,267)	—	—	(83,267)
Foreign exchange differences	466	(88)	257	635
Cost as at 31 December 2011	**149,448**	**257,116**	**117,663**	**524,226**

29. Intangible assets (Continued)

	Goodwill	Software	Other intangible	Total
Accumulated depreciation				
Opening balance as at 1 January 2011	—	(112,416)	(56,705)	(169,121)
Opening balance from discontinued operations	—	4,052	(994)	3,058
Opening balance of new subsidiaries on the date of acquisition	—	(27)	—	(27)
Charge for the year	—	(24,550)	(9,179)	(33,729)
Write-offs/disposals	—	1,105	5	1,110
Foreign exchange differences	—	145	(209)	(64)
Accumulated depreciation as at 31 December 2011	**0**	**(131,692)**	**(67,082)**	**(198,773)**
Net book value as at 31 December 2011	**149,448**	**125,424**	**50,581**	**325,453**

2012

Cost	Goodwill	Software	Other intangible	Total
Opening balance as at 1 January 2012	149,448	257,116	117,663	524,226
Opening balance for Egypt companies (discontinued operations for the year 2011)	13,289	15,775	0	29,064
Opening balance from discontinued operations	(18,195)	(309)	(7,336)	(25,840)
Balance of ATEbank and its subsidiaries at acquitition date	0	5,757	0	5,757
Opening balance of new subsidiaries at acquitition date	0	42,224	11,178	53,402
Additions	97,272	31,608	2,000	130,880
Transfers	—	21,977	75	22,052
Write-offs	0	(3,179)	(1,982)	(5,161)
Impairment	(26,382)	0	(18,155)	(44,537)
Foreign exchange differences	(0)	(2,118)	(218)	(2,336)
Cost as at 31 December 2012	**215,431**	**368,851**	**103,224**	**687,506**
Accumulated depreciation				
Opening balance as at 1 January 2012	0	(131,692)	(67,082)	(198,773)
Opening balance for Egypt companies (discontinued operations for the year 2011)	—	(5,583)	0	(5,583)
Opening balance from discontinued operations	—	256	5,907	6,163
Balance of ATEbank and its subsidiaries at acquitition date	—	(1,838)	0	(1,838)
Opening balance of new subsidiaries at acquitition date	—	(38,823)	(8,937)	(47,760)
Charge for the year	—	(31,582)	(6,536)	(38,118)
Transfers	—	467	1,230	1,697
Write-offs	—	3,113	1,982	5,096
Foreign exchange differences	—	1,279	87	1,365
Accumulated depreciation as at 31 December 2012	**0**	**(204,402)**	**(73,349)**	**(277,751)**
Net book value as at 31 December 2012	**215,431**	**164,449**	**29,875**	**409,755**

Of the total additions of goodwill of 2012, an amount of € 95 mil. arose as a result of the acquisition of assets and liabilities of former ATEbank S.A.

Goodwill is assessed for impairment on an annual basis or more frequently in case there is indication of impairment. During 2012, following the impairment testing process, a loss of € 26.4 million arose, that regards the following: a) impairment of € 8 million of the goodwill that was recognised in total assets of Piraeus Bank Cyprus LTD following the acquisition of the activities of the branch of ArabBank, b) impairment of € 12.1 million of the goodwill of the company Piraeus Cards S.A. that was

29. Intangible assets (Continued)

absorbed by Piraeus Bank S.A. during 2012, c) impairment of €2.8 million of the goodwill of the subsidiary company General Construction and Development Co. S.A. and d) impairment of goodwill of other companies of amount € 3.5 million. This impairment loss is mainly attributed to the general economic climate and more specifically to the fact that the recoverable amounts of the aforementioned companies are lower than the respective carrying values due to expected reduced cash flows.

During 2012, the Group made transfers of an amount of € 23.8 million from "assets under construction" to intangible assets due to commencement of operational use.

30. Property, plant and equipment

2011

Cost	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Opening balance as at 1 January 2011	341,821	358,871	80,467	471,003	311,772	1,563,933
Opening balance from discontinued operations	(37,447)	(15,887)	(2,347)	(1,194)	(13,428)	(70,303)
Balance of subsidiaries companies that sold, dispoded or changed portfolio	—	—	(69)	—	—	(69)
Opening balance of new subsidiaries on the date of acquisition	780	255	—	2,401	51	3,487
Additions	26,911	16,682	35,031	72,881	8,625	160,129
Transfers	1,877	1,837	(39,513)	(17,625)	(5,817)	(59,242)
Disposals	(1,181)	(2,569)	(317)	(68,813)	(3,805)	(76,684)
Write-offs/impairment	0	(3,300)	(973)	(1,899)	(10,703)	(16,875)
Foreign exchange differences	(132)	194	687	(266)	(99)	384
Cost as at 31 December 2011	**332,629**	**356,082**	**72,966**	**456,488**	**286,595**	**1,504,760**
Accumulated depreciation						
Opening balance as at 1 January 2011	(47,734)	(256,531)	—	(167,614)	(125,034)	(596,912)
Opening balance from discontinued operations	6,169	10,998	—	668	8,445	26,281
Opening balance of new subsidiaries on the date of acquisition	(19)	(173)	—	(744)	(9)	(945)
Charge for the year	(6,294)	(24,993)	—	(52,257)	(19,688)	(103,232)
Transfers	(910)	(168)	—	10,571	3,285	12,778
Disposals	169	415	—	34,984	3,291	38,859
Write-offs	—	3,206	—	730	10,317	14,253
Foreign exchange differences	44	767	—	148	(45)	913
Accumulated depreciation as at 31 December 2011	**(48,574)**	**(266,479)**	**0**	**(173,514)**	**(119,438)**	**(608,004)**
Net book value as at 31 December 2011	**284,055**	**89,603**	**72,966**	**282,974**	**167,157**	**896,756**

During 2011, impairment of fixed assets amounting to € 0.7 million was conducted.

The above total depreciation charge for the year 2011 (€ 103,232 thousand) for tangible assets includes depreciation of Olympic Commercial & Tourist Enterprises of € 48,379 thousand which is included in "Other operating income" of the Consolidated Income Statement.

30. Property, plant and equipment (Continued)

2012

Cost	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Opening balance as at 1 January 2012	332,629	356,082	72,966	456,488	286,595	1,504,760
Opening balance for Egypt companies (discontinued operations for the year 2011)	36,990	16,714	2,118	1,300	13,901	71,022
Opening balance from discontinued operations	(900)	(5,572)	—	—	(8,315)	(14,788)
Balance of ATEbank and its subsidiaries at acquitition date	319,898	24,854	456	586	10,759	356,553
Opening balance of new subsidiaries at acquitition date	98,888	46,041	32	—	35,652	180,613
Impairment	(3,140)	(6)	—	(1,426)	—	(4,572)
Additions	5,246	9,371	74,816	68,323	3,198	160,954
Transfers	2,514	1,250	(27,110)	(15,876)	394	(38,827)
Disposals	(2,470)	(3,938)	(92)	(45,782)	(6,199)	(58,480)
Write-offs	(236)	(6,781)	(4,140)	(1,303)	(19,614)	(32,075)
Foreign exchange differences	(2,599)	(4,163)	(299)	(140)	(2,319)	(9,520)
Cost as at 31 December 2012	**786,819**	**433,851**	**118,748**	**462,171**	**314,052**	**2,115,641**
Accumulated depreciation						
Opening balance as at 1 January 2012	(48,574)	(266,479)	—	(173,514)	(119,438)	(608,004)
Opening balance for Egypt companies (discontinued operations for the year 2011)	(8,951)	(13,419)	—	(777)	(10,427)	(33,574)
Opening balance from discontinued operations	150	4,654	—	—	4,895	9,699
Balance of ATEbank and its subsidiaries at acquitition date	(4,494)	(3,251)	—	(256)	(57)	(8,058)
Opening balance of new subsidiaries at acquitition date	(37,586)	(41,913)	—	—	(29,316)	(108,815)
Charge for the year	(11,084)	(27,266)	—	(53,645)	(25,579)	(117,575)
Transfers	(345)	490	—	12,132	227	12,504
Disposals	161	3,787	—	22,463	6,142	32,552
Write-offs/impairment	0	6,510	—	689	19,493	26,693
Foreign exchange differences	754	1,069	—	155	1,448	3,427
Accumulated depreciation as at 31 December 2012	**(109,968)**	**(335,817)**	**0**	**(192,753)**	**(152,613)**	**(791,151)**
Net book value as at 31 December 2012	**676,851**	**98,034**	**118,748**	**269,418**	**161,439**	**1,324,491**

During 2012, impairment of fixed assets amounting to € 23.2 million was conducted.

The above total depreciation charge for the year 2012 (€ 117,575 thousand) for tangible assets includes depreciation of Olympic Commercial & Tourist Enterprises of € 50,305 thousand which is included in "Other operating income" of the Consolidated Income Statement.

During 2012, the Bank made a) transfers from "investment property" of € 3.9 million, due to commencement of owner-occupation, b) transfers to "intangible assets" of € 23.8 million due to commencement of operational use, c) tranfers to "Assets Held for sale" of € 1.8 million and d) tranfers to "Inventories cars" of € 4.6 million.

31. Investment property

	2012	2011
Opening balance	877,512	927,129
Balance of ATEbank and its subsidiaries at acquitition date	238,597	—
Opening balance of new subsidiaries on the date of acquisition	—	22,150
Revaluation of investment property	(70,836)	(91,432)
Additions	32,749	26,769
Transfers	1,986	(1,736)
Disposals	(1,018)	(5,962)
Other adjustments	(477)	593
Balance at the end of the year	**1,078,513**	**877,512**

Investment property is presented at fair value, as this is estimated by certified independent valuers on an annual basis. Fair value is determined by the market prices or if market prices are not available, valuation models are used as described in section 2.17. The total fair value of investment property under finance leases as at 31/12/2012 is € 340.3 million (2011: € 394.5 million).

Rental income from investment property amounts to € 18,673 thousand (2011: € 27,187 thousand). Operating expenses of investment property that is rented to third parties equal to € 1,905 thousand (2011: € 2,251 thousand).

During 2012, the Bank made transfers a) of €1.8 million to "inventories property" due to termination of lease, b) of € 3.9 million to owner occupied "Land and buildings", c) of € 9.6 million from "inventories property", due to lease of the property and d) of € 1.9 million to "other assets".

32. Assets Held for sale

Opening balance as at 1/1/2011	**23,242**
Opening balance from discontinued operations	(884)
Additions	9,834
Transfers to subsidiaries	(2,440)
Tranfers to inventories property	(8,063)
Tranfers from investment properties	377
Disposals	(7,292)
Impairment	(828)
Currency translation differences	75
Balance as at 31/12/2011	**14,021**
Opening balance as at 1/1/2012	**14,021**
Opening balance for Egypt companies (discontinued operations for the year 2011)	1,091
Additions	4,484
Transfers from Property plant and equipment	1,784
Disposals	(3,891)
Impairment	(1,441)
Currency translation differences	(510)
Balance as at 31/12/2012	**15,537**

During 2012, the loss from the sale of assets was € 245.3 thousand (2011: loss € 475 thousand) which was included in the profit and loss statement in line "Gains/(Losses) from sale of held for sale".

As at 31/12/2012, assets held for sale include mainly properties of subsidiaries in Bulgaria, Romania, Serbia and Ukraine, for which sale procedure is lengthy and it is expected to be finalised in 2013.

33. Other assets

	31 December 2012	31 December 2011
Inventories—property	332,057	264,891
Inventories—property	**332,057**	**264,891**
Prepaid expenses and accrued income	239,975	113,560
Prepaid taxes and taxes withheld	81,704	136,175
Claims from tax authorities and the State	468,703	174,485
Inventories - cars	19,555	26,664
Credit cards	128,565	54,079
Receivables from third parties	132,479	109,827
Receivables from Hellenic Financial Stability Fund	794,825	—
Other items	731,003	400,605
Other receivables	**2,596,810**	**1,015,395**
Other assets	**2,928,867**	**1,280,286**
Current other assets (up to 1 year)	1,955,636	696,771
Non current other assets (more than 1 year)	973,231	583,515
Total	**2,928,867**	**1,280,286**

Inventories property as at 31/12/2012 include property of ETVA Industrial Parks S.A. of amount € 114 million (2011: € 115.7 million) and property acquired by the Bank or by Group subsidiaries through auctions of amount € 212 million (2011: € 144.3 million), as well as inventories property of real estate subsidiaries of total amount of € 6 million (2011: € 4.9 million).

According to L.4093/12.11.2012, credit institutions that participate in the recapitalization program according to the terms of L.3723/2008, are required to pay to the HFSF an once off total amount of € 555.6 million, of which approximately € 133 million relate to Piraeus Bank's portion. This amount has already been paid and did not affect the result for the year. It has been included in line "Prepaid expenses and accrued income" in order to be netted against the impending capital increase.

Line "Other items" primarily includes balances of various accounts that relate to daily activities of the Group and the movement in the balance is mainly due to the acquisition of relevant items from former ATEbank S.A. in the context of the transfer agreement of selected assets and liabilities. Additionally they include an amount of € 238 million that relates to the participation of Piraeus Bank and Geniki Bank, in the Hellenic Deposit & Investment Guarantee Fund (H.D.I.G.F.) after the deduction of the term deposits that H.D.I.G.F. maintains in the prementioned banks.

The Bank has timely filed a recourse for the years 2008 and 2009 before the competent administrative courts, the arguments of which are adequately strong and legitimate (taking also into consideration the relevant opinion of the Legal Advisor), against the negative view of the Greek Tax Authorities for the utilization of or the return of credit balances (€ 28.4 million and € 52.6 million respectively) which arose from specially taxed income (interest on bonds etc) issued domestically or abroad.

The receivable from the Hellenic Financial Stability Fund regards the difference between the value of the transferred assets of former ATEbank and the already paid amount of six billion six hundred seventy five million eight hundred and ninety thousand euros (€ 6,675,890,000).

34. Due to credit institutions

	31 December 2012	31 December 2011
Amounts due to central banks	31,640,708	22,301,703
Deposits from other banks	195,509	482,466
Repurchase agreement — credit institutions	618,475	2,446,281
Other obligations to banks	106,630	183,149
	32,561,322	**25,413,598**
Current due to banks (up to 1 year)	32,156,543	24,684,872
Non current due to banks (more than 1 year)	404,779	728,726
	32,561,322	**25,413,598**

Balances due to credit institutions bear floating rates.

"Due to credit institutions" includes refinancing operations through repo transactions within the eurosystem amounting to € 31.6 billion (31/12/2011: € 22.3 billion). The increase of the raised liquidity of the Group from the eurosystem during the year of 2012, took place through the available refinancing operations with collaterals with the use of a) the advance of € 4.7 billion in the form of EFSF bonds that the Group received from HFSF and b) bonds of nominal value of € 6.5 billion given to the Group by the HFSF, in the context of the acquisition of former ATEbank S.A.

35. Liabilities at fair value through profit or loss

As at 31/12/2012, the open short positions for Greek Government bonds and treasury bills & other eligible bills, amounted to € 21.95 million (2011: € 18.47 million). These amounts are of a short term nature and result from the trading activity in the secondary market within the scope of managing the Group's positions.

36. Due to customers

	31 December 2012	31 December 2011
Current and sight deposits	6,061,609	4,168,540
Savings account	10,714,775	2,866,294
Term deposits	19,850,104	14,382,454
Other accounts (checks, remittances and blocked deposits)	340,771	187,810
Repurchase agreements	3,949	190,579
Current due to customers (up to 1 year)	**36,971,208**	**21,795,677**
Non current due to customers (more than 1 year)	36,270,878	21,176,955
	700,331	618,722
	36,971,208	**21,795,677**

The increase in "Due to customers" is mainly due to customer deposits acquired from former ATEbank S.A. as well as to the acquisition of Geniki Bank S.A.

Other accounts include cheques payable of € 201 million (2011: € 77.1 million). Customer deposits (excluding cheques payable and repos) with floating rates are € 16,542 million (2011: € 6,777.2 million) and with fixed rate are € 20,224 million (2011: € 14,750.8 million).

37. Debt securities in issue

		31 December 2012	31 December 2011
ETBA bonds (A)		**965**	**4,015**
Euro Medium Term Note (Medium/long term securities)	**Interest rate**		
	(%)		
€ 60 m. floating rate notes due 2015	Variable	60,000	60,000
€ 20 m. floating rate notes due 2012	Euribor + 0.20%	—	19,996
€ 500 m. fixed rate notes due 2012	Fixed 4.0%	—	355,576
€ 50.3 m. fixed rate notes due 2012	Fixed 4.0%	—	38,228
€ 25.5 m. fixed rate notes due 2013	Fixed 4.5%	14,555	19,977
Accrued interest and other expenses		613	4,914
Total (B)		**75,168**	**498,691**
Securitisation of mortgage loans	**Average Interest rate**		
	(%)		
€ 750 m. floating rate notes due 2040	Euribor + 0.18%	71,266	190,867
€ 1,250 m. floating rate notes due 2054	Euribor + 0.18%	215,915	574,471
Total (C)		**287,181**	**765,338**
Bonds convertible to shares (D)		170,388	—
Total debt securities in issue (A)+(B)+ (C)+(D)		**533,702**	**1,268,045**
Current debt securities in issue (up to 1 year)		15,644	417,695
Non current debt securities in issue (more than 1 year)		518,058	850,349
Total debt securities in issue		**533,702**	**1,268,045**

It should be noted that 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, continue to be retained by Piraeus Bank.

Issuance under the Euro Medium Term Note program is undertaken through Piraeus Group Finance PLC, a subsidiary of Piraeus Bank Group. Information concerning the new issues of debt securities during the year of 2012, which have been retained by the Bank, are presented below:

In February 2012 and in March 2012 Piraeus Bank issued three 3-month floating rate senior bonds in the total amount of € 5,337 million. In May 2012 and June 2012 Piraeus Bank issued two 3-month foating rate senior bonds in the amount of € 3,587 million. The bonds were issued with the unconditional guarantee of the Hellenic Republic under Art. 2 of Law 3723/2008 through Piraeus Bank's Euro Medium Term Note (EMTN) programme. The bonds pay a floating rate coupon of 3M Euribor plus 1200bps. All bonds have been retained by Piraeus Bank.

Piraeus Bank, during 2012, proceeded to the buy back of bonds of securitised loans of total nominal value € 428 million.

During the 4th quarter of 2012, Piraeus Bank issued bonds of € 170 million that were covered by Societe Generale (SG). These bonds will provide access either to share capital increases leading to the acquisition of 0.5% of the total number of common shares of Piraeus Bank by SG, or else, if the recapitalization process is not concluded by mid-2014, it will automatically be transformed into Tier 1 capital bonds with a permanent write-down mechanism.

38. Hybrid capital and other borrowed funds

Hybrid capital (Tier I)	Interest rate	31 December 2012	31 December 2011
	(%)		
€ 200 m. floating rate notes due 2034	Euribor + 1.25%	59,916	158,636
Accrued interest and other expenses		(0)	965
		59,916	**159,601**
Subordinated debt (Tier II)			
€ 400 m. floating rate notes due 2016	Euribor + 0.55%	263,136	333,038
Accrued interest and other expenses		1,089	2,345
		264,225	**335,383**
Other borrowed funds (USD)		**0**	**3,984**
Total hybrid capital and other borrowed funds		**324,141**	**498,968**

On 2 March 2012, Piraeus Bank announced a Tender Offer to purchase existing securities for cash. This Tender Offer referred to subordinated (€ 330 million) and hybrid (€ 159 million) securities of € 489 million total amount. On 12 March 2012, Piraeus Bank announced that it accepted offers of € 144 million, out of which € 60 million subordinated securities and € 84 million hybrid securities.

Accrued interest on hybrid capital and other borrowed funds is included in the respective balances of hybrid capital and other borrowed funds.

The Group is not in default of any payments of principal and interest of the subordinated debt. In the second semester 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.

39. Other liabilities

	31 December 2012	31 December 2011
Prepaid income and accrued expenses	87,404	89,147
Obligations under finance leases	292,961	266,687
Transactions with Interbank Systems (DIAS)	140,307	22,470
Withholding taxes and contributions	59,613	40,216
Creditors	143,454	85,061
Other liability accounts	311,961	145,193
	1,035,700	**648,774**
Current other liabilities (up to 1 year)	689,881	324,528
Non current other liabilities (more than 1 year)	345,819	324,246
	1,035,700	**648,774**

Other liability accounts include mainly credit balances that result from the daily transactions of the Group.

39. Other liabilities (Continued)

The liability arising from the finance lease of the Group is analyzed as follows:

	31 December 2012	31 December 2011
Gross liabilities from finance leases		
Up to 1 year	9,010	10,854
From 1 to 5 years	86,497	56,682
More than 5 years	2,161,315	2,190,674
	2,256,822	**2,258,210**
Finance expense	(1,963,861)	(1,991,523)
Net liabilities from finance leases	**292,961**	**266,687**

Net liabilities from finance leases may be analyzed as follows:

	31 December 2012	31 December 2011
Up to 1 year	26,185	20,362
From 1 to 5 years	86,262	83,879
More than 5 years	180,514	162,446
	292,961	**266,687**

Obligations under finance leases mainly consist of the liability (€ 270.5 million) arising from the finance lease agreement for the Citylink building by the Group subsidiary Picar SA, of total duration fifty two years.

40. Other provisions

	31 December 2012	31 December 2011
Opening balance	18,303	19,817
Opening balance for Egypt companies (discontinued operations for the year 2011)	1,486	—
Opening balance from discontinued operations	0	(766)
Balance of ATEbank and its subsidiaries at acquitition date	345	—
Opening balance for new companies	5,789	—
Charge for the year	8,584	2,759
Usage of provisions	(367)	(283)
Foreign exchange differences	(1,338)	(3,225)
Other movements	(10,665)	0
Balance at the end of the year	**22,137**	**18,303**

Other movements relate to tranfers of provisions on ‘Loans and advances to customers”. The relative receivables are included in this line.

41. Deferred tax

Deferred income taxes for the Group are calculated on all temporary differences under the liability method. The nominal tax rates of Group subsidiaries are different compared to the nominal tax rate of the Bank (note 16).

41. Deferred tax (Continued)

Deferred tax assets and liabilites are attributable to the following items:

	31 December 2012	31 December 2011
Deferred tax liabilities		
Pensions and other post retirement benefits	(271)	(226)
Impairment of loans and receivables	(552)	12,956
Other provisions	(1,024)	204
Securities valuation	1,206	(104)
Recognition of commision according to effective interest rate calculation	(1,684)	(2,068)
Investment property valuation	12,092	9,656
Depreciation of property, plant and equipment	21,390	18,805
Intangible assets	(72)	(167)
Adjustment of nominal tax rates	(36)	(36)
Recognition of tax losses	(775)	(1,099)
Impairment of securities	(42)	(44)
Deferred tax liability of purchase price allocation exercise	891	1,129
Other deferred tax items	5,977	7,634
	37,100	**46,640**

	31 December 2012	31 December 2011
Deferred tax assets		
Pensions and other post retirement benefits	23,728	25,581
Impairment of loans and receivables	679,149	322,918
Other provisions	5,929	7,408
Securities valuation	32,528	140,958
Derivative financial instruments valuation	(829)	(3,495)
Recognition of commision according to effective interest rate calculation	8,548	9,632
Investment property valuation	(9,184)	(10,943)
Depreciation of property, plant and equipment	(17,018)	(17,523)
Intangible assets	(18,790)	(30,608)
Adjustment of nominal tax rates	3,484	3,483
Recognition of tax losses	169,872	90,152
Impairment of Greek government bonds	1,018,960	654,066
Impairment of securities	(779)	(638)
Other deferred tax items	(473)	(12,999)
	1,895,124	**1,177,992**
Net deferred tax asset	**1,858,025**	**1,131,352**

41. Deferred tax (Continued)

The movement of the net deferred tax asset is as follows:

	2012	2011
Net deferred tax asset as at 1 January	**1,131,352**	**255,972**
Opening balance of deferred tax liability for Egypt companies (discontinued operations for the year 2011)	(3)	—
Opening balance of deferred tax asset for discontinued operations	(5,454)	—
Net deferred tax asset/(liability) due to changes in the portfolio of subsidiaries	85,665	1,186
Effect of deferred tax on profit or loss		
—From continuing operations	678,450	939,145
—From discontinued operations	—	(30)
Available for sale portfolio securities		
—From continuing operations	(32,140)	(76,809)
—From discontinued operations	—	544
Deferred tax on expenses of share capital increase	—	10,615
Currency translation effect		
—From continuing operations	156	573
—From discontinued operations	—	154
Closing balance for Piraeus Bank Egypt Group (discontinued operations of 2011)	—	(3)
Net deferred tax asset as at 31 December	**1,858,025**	**1,131,352**

The deferred tax charge in the Income Statement (note 16) is analysed as follows:

	1/1-31/12/2012	1/1-31/12/2011
Deferred tax (Income Statement)		
Pensions and other post retirement benefits	(4,533)	(10,122)
Impairment of loans and receivables	290,607	213,366
Other provisions	1,446	3,344
Securities valuation	(76,504)	21,020
Derivative financial instruments valuation	2,666	(14,166)
Recognition of commision according to effective interest rate calculation	(1,468)	1,453
Investment property valuation	(677)	21,773
Depreciation of property, plant and equipment	109	(7,046)
Intangible assets	11,716	(9,079)
Adjustment of nominal tax rates	1	3,519
Recognition of tax losses	79,395	59,042
Impairment of Greek government bonds	364,893	654,066
Impairment of securities	(2)	(1,245)
Deferred tax of purchase price allocation exercise	238	698
Other deferred tax items	10,563	2,523
	678,450	**939,145**

During the year 2012, deferred tax of amount € 32,140 thousand relating to valuation of the available for sale securities did not affect the profit and loss for the year, but instead was recorded under the available for sale reserve according to the relevant IFRS regulations. Deferred tax movement was also affected by the deferred tax asset at acquisition date of Geniki Bank Group and former ATEbank Group amounting to € 85,665 thousand, by the opening balance of deferred tax asset of discontinued operations amounting to € 5,454 thousand, as well as by the foreign exchange differences amounting to € 156 thousand. The movement between 2011 and 2012 of the subcategories of deferred tax assets and deferred tax liabilities in relation to the respective deferred tax income statement

41. Deferred tax (Continued)

subcategories for 2012, has been affected by the fact that the Piraeus Bank Egypt Group was classified as discontinued operations in 2011, whereas in 2012 it is classified as continued operations.

The foregoing affected deferred tax on categories "pensions and other post retirement benefits", "impairment of loans and receivables", "other provisions", "securities valuation", "available for sale portfolio securities", "depreciation of property, plant and equipment", "intangible assets", "impairment of securities", and "other deferred tax items".

Deferred tax assets due to tax losses are recognized only when it is probable that taxable profits will be available, against which these tax losses can be utilized.

DTA on PSI and tax losses has been calculated and recognized based on the best estimates of the management of the Bank, regarding the evolution of its tax profit based on the restructuring plan, along with the nature and the ability to recover these losses according to the greek tax regime at the end of 2012 (note 15).

42. Retirement benefit obligations

The total liability of Piraeus Bank Group relating to retirement benefit obligations and the relevant charge in profit and loss for the years 2011 and 2010 are presented below:

	2012	2011
Retirement benefit obligations as at 1 January	**172,855**	**209,489**
Opening balance for Egypt companies (discontinued operations for the year 2011)	5,805	—
Balance of the subsidiaries of ATEbank at acquitition date	514	—
Opening balance of new subsidiaries on the date of acquisition and of subsidiaries that sold, dispoded or changed portfolio	12,852	30
Movement for the year (note 13)	20,369	28,035
Contributions paid	(39,252)	(64,351)
Currency translation differences and provision for outstanding annual leaves	(1,079)	(348)
Retirement benefit obligations as at 31 December	**172,065**	**172,855**

1) Piraeus Bank

The defined benefit obligation is calculated based on actuary studied from independent actuary using the 'projected unit credit method', according to which, the charge for pension plans to the Income Statement is allocated over the service lives of the related employees. The defined benefit obligation is determined by the present value of cash outflows using interest rates of high quality corporate bonds which have terms to maturity approximating the terms of the related liability.

	31 December 2012	31 December 2011
Amounts recognised in the balance sheet		
Pension schemes—funded	49,798	57,142
Other post retirement benefits—not funded	68,515	81,759
	118,313	**138,901**
Benefits due to mergers	159	159
Total obligation	**118,472**	**139,060**

42. Retirement benefit obligations (Continued)

	1/1-31/12/2012	1/1-31/12/2011
Income statement		
Pension schemes—funded	(12,167)	(13,210)
Other post retirement benefits—not funded	(3,569)	(11,535)
	(15,736)	**(24,745)**

A) Pension schemes—funded

The amounts recognised in the balance sheet are determined as follows:

	31 December 2012	31 December 2011
Present value of funded obligations	103,806	90,156
Fair value of plan assets	(40,127)	(35,846)
	63,679	**54,310**
Unrecognised actuarial (losses)/gains	(14,311)	3,936
Unrecognised past service cost	430	(1,104)
Liability in the balance sheet	**49,798**	**57,142**

Although, TEAPETE is no longer among funded benefits since 2006, it is featured as part of funded benefits for comparison purposes. The Bank applied Law 3371/2005 in order to transfer the insured and the retired of TEAPETE into the Special Auxiliary Pension Fund for the Salaried (ETEAM) and the Pension Fund for Bank Employees (ETAT). The total cost was initially specified at € 59.6 million (€ 9.7 million to ETEAM and € 49.9 million to ETAT) on the basis of a special financial study stipulated by law and was ratified by the Parliament with Law 3455/2006, article 26 (Official Gazette 84, bulletin A' 18/4/2006). This amount was agreed to be paid in 10 equal instalments of € 7.1 million each. Out of these instalments, the 8 installments were paid until 31/12/2012. The obligation, which is the present value of the other 2 instalments, amounts to € 12.6 million as at 31/12/2012.

In the context of reducing operating expenses, the Bank decided to terminate early one of the defined benefit plans and to convert another arrangement into a fully funded plan, through an insurance contract.

The amounts recognised in the income statement are as follows:

	1/1-31/12/2012	1/1-31/12/2011
Pension schemes—Income statement		
Current service cost	(3,688)	(4,460)
Interest cost	(5,185)	(6,454)
Expected return on plan assets	637	616
Recognition of actuarial (losses)/gains	(52)	(444)
Past-Services Cost	(6,856)	(5,130)
Settlement/Curtailment/Termination Loss/(Gain)	2,976	2,662
Total, included in staff costs	**(12,167)**	**(13,210)**

42. Retirement benefit obligations (Continued)

The movement of the defined benefit obligation for the years 2012 and 2011 is analysed as follows:

	31 December 2012	31 December 2011
Opening balance	**90,156**	**72,362**
Opening balance including new Loyalty Plan	13,820	**52,375**
Current service cost	3,688	4,460
Interest cost	5,185	6,454
Contributions by plan participants	1,257	1,483
Benefits paid from the fund	(19,898)	(20,015)
Benefits paid directly by the employer	(7,871)	(7,615)
Settlement/Curtailment/Termination Loss/(Gain)	4,510	(1,663)
Past-Services Cost	399	(5,091)
Net actuarial (gains)/losses recognised for the year	12,560	(12,594)
Closing balance	**103,806**	**90,156**

The movement of the fair value of plan assets of the years 2012 and 2011 is analysed as follows:

	31 December 2012	31 December 2011
Opening balance	**35,846**	**13,059**
Expected return on plan assets	637	616
Employer contributions	21,724	42,738
Employee contributions	1,257	1,483
Benefits paid from the fund	(19,898)	(20,015)
Assets gains/(losses)	561	(2,036)
Closing balance	**40,127**	**35,846**

The movement of the liability recognized in the balance sheet is analysed as follows:

	31 December 2012	31 December 2011
Opening balance	**57,142**	**58,948**
Opening balance including new Loyalty Plan	10,084	35,337
Movement for the year	12,167	13,210
Contributions paid by the employer	(21,724)	(42,738)
Benefits paid directly by the employer	(7,871)	(7,615)
Closing balance	**49,798**	**57,142**

B) Other post retirement benefits—not funded

The amounts recognised in the balance sheet are as follows:

	31 December 2012	31 December 2011
Present value of unfunded obligations	67,641	67,102
Unrecognised actuarial (losses)/gains	(1,257)	16,786
Unrecognized past service cost	2,131	(2,128)
Liability in the balance sheet	**68,515**	**81,759**

42. Retirement benefit obligations (Continued)

The Bank's policy on retirement indemnity under Law 2112/12 was harmonized with the provisions of Law 4093/12. This change resulted in a curtailment gain of € 2 million, which was recognized in the income statement of 2012.

The movement in the defined benefit obligation for the years 2012 and 2011 is analysed as follows:

	31 December 2012	31 December 2011
Opening balance	**67,102**	**137,545**
Opening balance including new Loyalty Plan	(13,820)	(52,374)
Current service cost	2,386	3,748
Interest cost	1,804	3,056
Restatement	192	—
Benefits paid by the employer	(6,921)	(13,067)
Settlement/Curtailment/Termination Loss/(Gain)	(188)	3,523
Past service cost	2,013	(4,309)
Actuarial (gains)/losses recognised fot the year	15,073	(11,019)
End of year	**67,641**	**67,102**

The amounts recognised in the income statements of 2012 and 2011 are as follows:

	1/1-31/12/2012	1/1-31/12/2011
Income Statement		
Current service cost	(2,386)	(3,748)
Interest cost	(1,804)	(3,056)
Recognition of actuarial (losses)/gains	678	285
Past service cost recognized	(1,350)	(2,166)
Settlement/Curtailment/Termination Loss/(Gain)	1,293	(2,850)
Total, included in staff costs	**(3,569)**	**(11,535)**

The movement in the liability recognised in the balance sheet is as follows:

	31 December 2012	31 December 2011
Opening balance	**81,759**	**118,628**
Opening balance including new Loyalty Plan	(10,084)	(35,337)
Opening balance due to mergers	192	
Movement for the year	3,569	11,535
Benefits paid by the employer	(6,921)	(13,067)
Closing balance	**68,516**	**81,759**

The pricipal actuarial assumptions used for the funded and not funded benefits were as follows:

	31 December 2012	31 December 2011
Discount rate	3.20%	5.00%
Expected return on plan assets	3.20%	5.00%
Future increase of salaries	2.00%	2.00%

42. Retirement benefit obligations (Continued)

The Group has not early adopted the revised standard IAS 19 "Employee Benefits", which is effective for annual periods beginning on January 1st, 2013. The Group will apply revised IAS 19 retrospectively, according to the transition guidance and the relevant regulations of IAS 8, from 1/1/2012. Due to the retrospective application of the standard, the Group estimates that the balance of "Retirement Benefit Obligations" as at 31/12/2012 will increase by approximately € 11 million with an equal corresponding charge to consolidated equity.

2) Subsidiaries

For the estimation of the liability relating to defined benefit obligation plans of Group's subsidiaries an actuarial study has been carried out. The total amount of the liability from continuing operations related to the Group subsidiaries is € 53,593 thousand (2011: € 33,797 thousand). The total charge in profit and loss for the year 2012 resulting from the defined benefit obligation plans of the Bank, is € 15,736 thousand (2011: € 24,745 thousand) and the continuing operations of the Group subsidiaries is € 4,633 thousand (2011: € 10,180 thousand).

The change of a retirement benefit plan of the Group subsidiary in Cyprus, from defined benefit plan to defined contribution plan, was decided in 2012. This decision was taken after the agreement between the involved parties for the amendment of the characteristics of the plan. On 31/12/2012 the liability of the plan remains in the balance sheet as technical details are still pending and for this reason, an amount of € 4.7 million was not reversed in the income statement.

43. Contingent liabilites and commitments

A) Legal procedures

According to the opinion of the legal affairs division of the Bank and its subsidiaries, the legal proceedings outstanding against the Group as at 31/12/2012 are not expected to have any significant impact on the financial statements of the Group. The Group's provision for outstanding litigations amounts to € 10.12 million from continuing operations and € 2.2 million from discontinued operations.

B) Credit commitments

As at 31/12/2012 the Group had the following commitments:

	31 December 2012	31 December 2011
Letters of guarantee	3,109,938	2,571,736
Letters of credit	44,229	53,841
Commitments to extent credit	1,229,350	1,737,346
	4,383,517	**4,362,923**

C) Assets pledged

	31 December 2012	31 December 2011
Cash and balances with central banks	770,285	567
Trading securities	100,352	385,626
Investment securities	962,680	3,013,094
Debt securities held by the Group own issue	11,578,512	14,702,402
Loans and advances to customers and debt securities receivables	16,421,644	12,485,612
	29,833,474	**30,587,302**

In the "Debt securities issued and held by the Group own issue" category, an amount of € 10,000 million refers to securities that had been issued with the unconditional guarantee of the

43. Contingent liabilites and commitments (Continued)

Hellenic Republic and an amount of € 328 million refers to securities issued under the securitization of mortgage loans and an amount of € 1,250 million refers to Bank's issuance of covered bonds. The prementioned securities are not included in assets. The amount in category "Cash and balances with central banks" relates to blocked deposits in nostros and sight accounts with other banks.

D) Operating lease commitments

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

	31 December 2012	31 December 2011
Up to 1 year	65,312	44,767
From 1 to 5 years	255,639	174,827
More than 5 years	447,632	329,636
	768,584	**549,230**

44. Share capital

	Share Capital	Share Premium	Treasury Shares	Total
Opening balance at 1st January 2011	**470,882**	**2,430,877**	**(8,790)**	**2,892,969**
Increase of share capital through cash payment	242,116	522,478	—	764,594
Issue of preference shares	380,000	—	—	380,000
(Purchases)/sales of treasury shares and preemption rights	—	—	8,598	8,598
Balance at 31st December 2011	**1,092,998**	**2,953,355**	**(192)**	**4,046,161**

	Share Capital	Share Premium	Treasury Shares	Total
Opening balance at 1st January 2012	**1,092,998**	**2,953,355**	**(192)**	**4,046,161**
(Purchases)/sales of treasury shares	—	—	156	156
Balance at 31st December 2012	**1,092,998**	**2,953,355**	**(36)**	**4,046,317**

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 1st January 2011	**413,840,653**	**(2,624,173)**	**411,216,480**
Issue of ordinary shares	807,054,045	—	807,054,045
Acquisition of treasury shares due to share capital increase	—	(3,872,743)	(3,872,743)
Purchases of treasury shares and preemption rights	—	(17,823,643)	(17,823,643)
Sales of treasury shares and preemption rights	—	23,911,771	23,911,771
Issue of preference shares	1,266,666,666	—	1,266,666,666
Balance at 31st December 2011	**2,487,561,364**	**(408,788)**	**2,487,152,576**

44. Share capital (Continued)

	Number of shares		
	Issued shares	**Treasury shares**	**Net number of shares**
Opening balance at 1st January 2012	**2,487,561,364**	**(408,788)**	**2,487,152,576**
Purchases of treasury shares	—	(3,635,454)	(3,635,454)
Sales of treasury shares	—	3,960,654	3,960,654
Balance at 31 December 2012	**2,487,561,364**	**(83,588)**	**2,487,477,776**

On 31/12/2012 the Bank's share capital amounts to € 1,092,997,968.18, divided into 1,143,326,564 ordinary voting registered shares, each with a nominal value of € 0.30 and (a) 77,568,134 preferred non voting shares, each with a nominal value of € 4.77 and (b) 1,266,666,666 preferred non voting shares, each with a nominal value of € 0.30.

Pursuant to the Ordinary Shareholders Meeting resolution dated 29/6/2012, the revocation of the 20/5/2011 Ordinary Shareholders Meeting resolution was approved regarding the reverse split of the Bank's common shares and thus the restoration of the nominal value of each common share from one euro and twenty cents (€ 1.20) to thirty cents (€ 0.30) with simultaneous increase of the number of common shares of the Bank, from two hundred and eighty five million eight hundred and thirty one thousand six hundred and forty one (285,831,641) to one billion one hundred and forty three million three hundred and twenty six thousand five hundred and sixty four (1,143,326,564), as well as the relevant amendment of the articles 5 and 27 of the Bank's Articles of Association.

The Ordinary General Meeting of Shareholders, held on 29/6/2012, decided not to distribute dividends to the shareholders for the year 2011, according to the established provisions (article 44a of Law 2190/1920 and article 1 of Law 3723/2008 as in force, combined with the article 4 of Law 4063/2012) for the credit institutions participating in the Economy reinforcement plan.

The Extraordinary General Meeting of Shareholders which was held on 31/1/2013 resolved upon the issue of contingent convertible securities up to the total amount of 2 billion euro through waiver of pre-emption rights of existing shareholders of ordinary registered shares, in accordance with the provisions of the Law 3864/2010, as amended, and the Ministers' Council Act No 38/9.11.2012 (Government Gazette 223/2012). These contingent convertible securities will be covered by the Hellenic Financial Stability Fund (HFSF) according to the above provisions.

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). Treasury shares transactions are carried out by the Group subsidiary Piraeus Securities S.A. through its activities relating to its role as a market maker.

45. Other reserves and retained earnings

	31 December 2012	**31 December 2011**
Legal reserve	107,639	104,149
Extraodinary reserve	13,940	1,822
Available for sale reserve	42,196	(67,924)
Currency translation reserve	(182,335)	(179,659)
Other reserves	13,905	10,554
Amounts recognized directly in equity relating to non-current assets from discontinued operations	9,301	(14,529)
Total other reserves	**4,646**	**(145,587)**
Retained earnings	(6,494,933)	(5,975,642)
Total other reserves and retained earnings	**(6,490,287)**	**(6,121,229)**

45. Other reserves and retained earnings (Continued)

In the "Amounts recognized directly in equity relating to non-current assets from discontinued operations" category the "Available for sale reserve" and the "Currency translation reserve" from discontinued operations is included.

Other reserves movement	31 December 2012	31 December 2011
Opening balance for the year	(145,587)	(432,845)
Movement of available for sale reserve	110,120	274,791
Formation of legal reserve	3,490	3,662
Formation of other reserves	15,937	18,934
Absorbed companies reserve	(467)	—
Foreign exchange differences and other adjustments	(2,676)	4,401
Amounts recognized directly in equity relating to non-current assets from discontinued operations	23,831	(14,529)
Closing balance for the year	**4,647**	**(145,587)**

Available for sale reserve movement	31 December 2012	31 December 2011
Opening balance for the year	(67,923)	(342,714)
Opening balance for Egypt companies	(4,999)	2,864
Opening balance for discontinued operations (Marathon Banking Corporation)	708	—
Gains/(losses) from the valuation of bonds and Greek Government Treasury Bills	476,605	(260,331)
Gains/(losses) from the valuation of shares and mutual funds	86,845	(93,170)
Recycling to income statement of Greek Government bonds impairment	—	428,125
Recycling to income statement of shares and mutual funds impairment	8,939	267,190
Deferred income tax	(32,052)	(76,366)
Recycling of the accumulated fair value adjustment of disposed securities	(442,731)	(82)
Depreciation of accumulated impairment of tranferred bonds	—	6,741
Foreign exchange differences and other movements	16,804	(180)
Closing balance for the year	**42,196**	**(67,923)**

Retained earnings movement	31 December 2012	31 December 2011
Opening balance for the year	(5,975,641)	672,687
Profit/(loss) after tax attributable to the owners of the parent entity	(500,303)	(6,613,379)
Profit/(loss) from sales of treasury shares	215	(7,534)
Share capital increase expenses	(23)	(4,180)
Transfer between other reserves and retained earnings	(19,427)	(22,596)
Acquisitions, disposals, absorption, liquidation and movement in participating interest	245	(454)
Other movements	—	(185)
Closing balance for the year	**(6,494,932)**	**(5,975,641)**

Negative retained earnings, mainly as a result of the Bank's participation to PSI, contributed to a negative shareholders equity of the Bank and the Group, making therefore necessary the recapitalization of the Bank. The recapitalization is in progress and further information is provided in Note 2.1.

46. Dividend per share

According to the article 1 of L. 3723/2008, banks, for the period they participate in the programmes for liquidity enhancement as described by the aforementioned Law, are not allowed to distribute dividends higher than the minimum amount set by the provisions of article 3, of Codified Law 148/1967. In addition, the distribution of dividends for the years 2008-2011 was strictly limited, by the applicable legislation at the time, to the distribution of shares, which should not have resulted from any buy back procedure. There was no such legislation for the year 2012, to the publication of the Annual Financial Report.

Additionally, representatives of the Hellenic State who participate in the Banks' Board of Directors, have the right to veto on any decision related to the distribution of dividends.

According to L. 3723/2008, as amended by L. 4093/12.11.2012, distribution of dividends to preference shareholders is mandatory, unless the terms of article 44A of Codified Law 2190/1920 apply, except for the case that the payment of the relevant amount would result to the reduction of the core Tier I capital below the required minimum. Since there are no distributable profits or relevant amounts related to distributable reserves, according to the requirements of the Article of Association and the Law, article 44a of Law 2190/1920 applies and therefore payment of dividends by cash or shares for the year 2012 is not allowed. Therefore, the Bank's Management will propose in the Annual Ordinary General Meeting of Shareholders in 2013, the non-distribution of dividends for both ordinary and preference shares.

The accrued dividend of preference shares for the year 2012 amounts to € 75 million (€ 60 million after tax).

The Shareholders General Meeting that took place on 29/06/2012, resolved, applying the aforementioned legally binding provisions, not to distribute any dividends to both ordinary and preference shareholders for the year 2011.

47. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances with less than 90 days maturity from the date of their acquisition.

	31 December 2012	31 December 2011
Cash and balances with central banks (note 19)	2,089,870	2,125,138
Loans and advances to credit institutions (note 20)	370,499	291,610
Trading securities (note 22)	11,393	39,944
	2,471,762	**2,456,692**

48. Related party transactions

Related parties include a) Members of the Bank's Board of Directors and key management personnel of the Bank, b) Close family and financially dependants (husbands, wives, children etc) of 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 20%.

	Board of Directors members and key management personnel	
	31 December 2012	31 December 2011
Loans	82,297	130,510
Deposits	14,999	27,692

48. Related party transactions (Continued)

Letters of guarantee and letters of credit to the members of the Board of Directors and to the key management personnel as at 31/12/2012 are € 1.3 million (31/12/2011: € 1.2 million). The total income that relates to members of the Board of Directors and to key management personnel for the year 2012 is € 2.5 million (31/12/2011: € 5.2 million). The total expense that relates to the prementioned related parties for the year 2012 is € 1 million (31/12/2011: € 1.3 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.

Director's Remuneration	**1/1-31/12/2012**	**1/1-31/12/2011**
Wages, salaries, employer's share of social contributions and charges	4,644	4,848
Provisions for compensation and retirement programs	8,033	4,356

The increase in "Provisions for compensation and retirement programs" is mainly due to the addition of new members and the full reserving of total rights.

The aggregate provisions for benefit plans to Members of the Board of Directors and key management personnel, following the secession or the vesting of benefits of particular management personnel and the adjustments that took place in the current year, amount to € 19,7 million as at 31/12/2012 (31/12/2011: € 23.9 million). The full amount of the above provisions has been included in the retirement benefit obligation (note 42).

	Associates	
	31 December 2012	**31 December 2011**
Deposits and other liabilities	35,343	47,246
Loans and other receivables	193,637	100,655
	1/1-31/12/2012	**1/1-31/12/2011**
Total expense	(20,606)	(1,866)
Total income	11,597	3,666

49. Changes in the portfolio of subsidiaries and associates

In the period from 1/1/2012 to 31/12/2012, the following changes took place in the Group's portfolio of direct and indirect subsidiaries, associates and companies held for sale.

a) Acquitition of assets and liabilities of former ATEbank:

On 27/7/2012, Piraeus Bank acquired assets and liabilities of former ATEbank S.A. for a consideration of € 95 million. The fair values of the acquired assets and liabilities are provisional and as a result the initial accounting of the acquisition is incomplete (provisional accounting). Following the completion of the valuation fair value, within the required period (measurement period) according to the requirements of IFRS 3, that is within one year from the aquisition date, the values of the acquired assets and liabilities will be adjusted retrospectively from the acquisition date, according to the requirements of IFRS 3.

49. Changes in the portfolio of subsidiaries and associates (Continued)

The provisional fair values of assets and liabilities acquired from former ATEbank S.A., are as follows:

Assets	Former ATEbank S.A.
Loans and advances to credit institutions	259,974
Loans and advances to customers and debt securities—receivables (net of provisions)	10,969,819
Available for sale securities	1,133,380
Funding gap	7,479,715
Other Assets	1,769,238
Total Assets	**21,612,126**
Liabilities	
Due to credit institutions	6,497,762
Due to customers	14,870,979
Other liabilities	243,385
Total liabilities	**21,612,126**
Shareholders' equity	—
Total liabilities and shareholders equity	**21,612,126**
Cost of acquisition	95,000
Percentage of net assets acquired	100%
Goodwill	95,000

According to the Government Gazette/131/28-1-2013, the HFSF gave to the Bank bonds of amount € 7.33 billion and cash of amount € 145 million in order to cover the gap between the provisional fair values of the transferred assets and liabilities of the former ATEbank S.A.

In the context of this acquisition, Piraeus Bank acquired ABG Mutual Funds Management Company S.A. (percentage 100%), ATE Bank Romania S.A. (percentage 93.27%), ATE Insurance S.A. (percentage 100%) and ATE Insurance Romania S.A. (subsidiary of ATE Insurance S.A. with a percentage of 99.47%) which are subsidiaries of the Group. It shall be noted that the subsidiaries ATE Insurance S.A. and ATE Insurance Romania S.A. have been included in the Held for Sale portfolio as at the acquisition date, as the requirements of IFRS 5 are fulfilled and as a result, these subsidiaries are presented in the Annual Consolidated Financial Statements, in discontinued operations.

Also, Piraeus Bank acquired a percentage of 20.86% of the associate company AIK BANKA, whereas the percentage of the Bank in the company Teiresias S.A. increased from 7.84% to 21.05% resulting to the transfer of the company from the available for sale portfolio to the associate companies poltfolio. The final shareholding percentage in Teiresias S.A. as at 31/12/2012 increased to 22.28% through the acquisition of Geniki Bank S.A. Additionally, the percentage of the Bank in the company PYRRICHOS S.A. increased from 18.53% to 34.65%, resulting to the transfer of the company to the associate companies portfolio. The final shareholding percentage in PYRRICHOS S.A. as at 31/12/2012 increased to 50.62% through the acquisition of Geniki Bank S.A., remaining to the associate companies portfolio, due to lack of control. It is noted that the approval from the Central Bank of Serbia, namely to the acquisition of AIK BANKA, is still pending.

b) Acquisition of Geniki Bank S.A.

On 14/12/2012, Piraeus Bank Group acquired a shareholding percentage of 99,08% of Geniki Bank S.A., for a consideration of € 1 million. The allocation of acquisition cost, will be done according to the rules of IFRS 3 "Business Combinations", adjusting the assets, liabilities and contingent liabilities of the acquired Bank and its subsidiaries in fair value. Given that the allocation of the acquisition cost is substantially completed, the fair value of assets and liabilities acquired and the resulting negative goodwill, are presented in the table below. The Management of the Bank reasonably

49. Changes in the portfolio of subsidiaries and associates (Continued)

expects that upon the completion of the purchase price allocation, there will not be significant differentiation.

Assets	Geniki Bank S.A. Consolidated Balance Sheet
	Fair value
Loans and advances to credit institutions	410,287
Loans and advances to customers	1,925,194
Available for sale securities	109,142
Property, plant and equipment	71,766
Other assets	335,006
Total Assets	**2,851,394**
Liabilities	
Due to credit institutions	404,187
Due to customers	2,049,295
Other liabilities	42,704
Total Liabilities	**2,496,186**
Shareholders Equity	355,208
Total liabilities and shareholders equity	**2,851,394**
Cost of acquisition	1,000
Net assets acquired	99.08%
Negative goodwill	350,928

In the context of this acquisition, the Group acquired the subsidiaries Geniki Leasing S.A., Geniki Finance S.A, Geniki Insurance Agency S.A. and Geniki Information S.A., with a percentage of 99,08% each.

c) Acquisitions—Increases of participation—Disposals:

On 22/2/2012, Piraeus Bank S.A. increased its participation in Marathon Banking Corporation through the purchase of 140 shares with the amount of € 111.4 thousand, increasing its shareholding percentage from 98.43% to 98.54%. On 5/7/2012, Piraeus Bank S.A. increased its participation in Marathon Banking Corporation through the purchase of 330 shares with the amount of € 281.76 thousand, increasing its shareholding percentage from 98.54% to 98.80%. The sale of Marathon Banking Corporation, a subsidiary of the Bank by 98.8%, was recognized in the 3rd quarter of 2012 as the required approvals by the US supervising authorities were obtained on 27/9/2012. The details of assets and liabilities disposed are as follows:

Cash and cash equivalents	186,696
Loans and advances to credit institutions	2,350
Loans and advances to customers (net of provisions)	426,950
Investment securities	35,595
Goodwill and other intangible assets	15,681
Property, plant and equipment	5,394
Other assets	17,511
Due to customers	(597,527)
Other liabilities	(5,597)
Total Equity	**87,051**
Proceeds from the sale of Marathon Banking Corporation	102,269
Less: Cash and cash equivalents of the subsidiary sold	(186,696)
Net cash inflow/(outflow) on sale	**(84,427)**

49. Changes in the portfolio of subsidiaries and associates (Continued)

On 28/6/2012, ETVA Industrial Parks S.A., 65% subsidiary of Piraeus Bank S.A., purchased from its 51% subsidiary Good Works Energy Photovoltaics S.A. the 99.99% of Orion Energy Photovoltaics S.A. and Astraios Energy Photovoltaics S.A. shareholding percentage, with the amount of €29.92 thousand and €29.45 thousand respectively. As a result, ETVA Industrial Parks S.A. participates with 100% to Orion Energy Photovoltaics S.A. and Astraios Energy Photovoltaics S.A. It is noted that the Group participates in the above companies with a shareholding percentage of 65%.

d) Acquisitions-Establishments:

On 06/2/2012, Bulfinace EAD, 100% Group's subsidiary, established Asset Management Bulgaria EOOD, with the amount of € 1.02. Therefore, Group's shareholding percentage in the company equals 100%.

On 17/2/2012, Zibeno Investments LTD, 83% Group's subsidiary, established Zibeno I Energy S.A., with the amount of € 60 thousand. Therefore, Group's shareholding percentage in Zibeno I Energy S.A. equals 83%.

On 30/5/2012, Piraeus Clean Energy Holdings LTD, 100% Group's subsidiary, established Arigeo Energy Holdings Ltd, with the amount of €1 thousand.

On 12/7/2012, Piraeus Bank S.A. covered its shareholding ratio of its 50.10% established subsidiary Exus Software LTD, with the amount of GBP 501.

On 8/8/2012, Piraeus Equity Partners LTD, 100% Group's subsidiary, acquired the 100% of Piraeus Jeremie Technology Catalyst Management S.A. with the amount of € 62 thousand.

On 7/9/2012, Piraeus Leasing Romania SRL, 100% subsidiary of Piraeus Bank S.A., established its 100% subsidiary Proiect Season Residence SRL, covering the entire Share Capital with the amount of RON 200.

On 21/11/2012, R.E Anodus LTD, 100% subsidiary of Piraeus Bank S.A., acquired 99% of Solum Enterprise LLC, with the amount of € 1.92 thousand.

On 23/12/2012, Solum Enterprise LLC, 99% Group's subsidiary, acquired the 100% of Solum LTD Liability Co from R.E Anodus LTD, with the amount of € 7.80 thousand, decreasing the Group's shareholding percentage from 100% to 99%.

Piraeus Equity Partners LTD, 100% Group's subsidiary, participated in the establishment of Group's associate, PJ Technology Catalyst Fund, with its shareholding ratio of 30%, with the amount of € 135 thousand.

e) Participation in share capital increases/decreases:

Piraeus—TANEO Capital Fund, an associate of Piraeus Bank S.A. by 50.01%, increased its assets with the amount of € 187.5 thousand. Therefore, on 26/3/2012, Piraeus Bank S.A. covered its participation with the amount of € 93.77 thousand without altering its shareholding percentage.

On 5/4/2012, the next share capital instalment of amount € 1.50 million took place regarding Piraeus—TANEO Capital Fund. Piraeus Bank S.A. covered its shareholding ratio with the amount of € 0.75 million without altering its shareholding percentage.

On 10/4/2012, Piraeus Bank S.A. fully covered the share capital increase of R.E. Anodus LTD, almost 100% subsidiary of Piraeus Bank S.A., with the amount of € 0.30 million, increasing slightly its shareholding percentage.

On 3/5/2012, Piraeus Bank Beograd A.D., 100% subsidiary of Piraeus Bank S.A., increased its share capital with the amount of € 19.88 million through the convertion of subordinated loan. Piraeus Bank S.A. fully covered the share capital increase without altering its shareholding percentage.

49. Changes in the portfolio of subsidiaries and associates (Continued)

On 10/5/2012, Piraeus Bank Beograd A.D., 100% subsidiary of Piraeus Bank S.A., fully covered the share capital increase of Piraeus Leasing DOO Beograd, 100% Group's subsidiary, with the amount of € 0.67 million, Therefore, Piraeus Bank Beograd A.D., increased its direct shareholding percentage to 49%, without altering Group's shareholding percentage (100%).

On 7/6/2012, Piraeus Bank S.A., fully covered the share capital increase of its 98.03% subsidiary Piraeus Bank Egypt S.A.E., with the amount of € 26.36 million through the convertion of subordinated loan. Therefore, Piraeus Bank S.A. increased its direct shareholding percentage from 98.03% to 98.30%.

On 17/7/2012, Piraeus Equity Partners LTD, 100% subsidiary of Piraeus Bank S.A., fully covered the share capital increase of its 100% subsidiary Piraeus FI Holdings LTD, with the amount of € 2.02 million, without altering its shareholding percentage.

On 18/7/2012, Piraeus Clean Energy LP, 100% Group's subsidiary, fully covered the share capital increase of its 100% subsidiary Piraeus Clean Energy Holdings LTD with the amount of € 2.02 million, without altering its shareholding percentage.

Piraeus FI Holdings LTD, 100% Group's subsidiary, fully covered the share capital increase of its 100% subsidiary Piraeus Clean Energy LP, with the amount of € 2.02 million, without altering its shareholding percentage.

On 26/7/2012, Piraeus Clean Energy Holdings LTD, 100% Group's subsidiary, fully covered the share capital increase of its 100% subsidiary Arigeo Energy Holdings LTD with the amount of € 2.02 million, without altering its shareholding percentage.

On 4/10/2012, Arigeo Energy Holdings LTD, 100% Group's subsidiary, fully covered the share capital increase of KPM Energy. As a result, Arigeo Energy Holdings LTD acquired 80% of KPM Energy share capital with the amount of € 2 million, transferring it to Group's subsidiaries portfolio.

On 15/10/2012, Piraeus Bank S.A., fully covered the share capital increase of its 100% subsidiary Piraeus Development S.A, with the amount of € 195 thousand, without altering its shareholding percentage.

On 15/10/2012, Piraeus Bank S.A., fully covered the share capital increase of its 100% subsidiary Property Horizon S.A., with the amount of € 63 thousand, without altering its shareholding percentage.

On 15/10/2012, Piraeus Bank S.A., fully covered the share capital increase of its 100% subsidiary ND Development S.A., with the amount of € 49 thousand, without altering its shareholding percentage.

On 16/10/2012, Piraeus Equity Partners LTD, 100% Group's subsidiary, fully covered the share capital increase of its 100% subsidiary Piraeus Jeremie Technology Catalyst Management A.E., with the amount of 40 thousand, without altering its shareholding percentage.

On 30/10/2012 and 21/12/2012, Piraeus Bank S.A., covered its shareholding ratio in the share capital increase by € 548.2 thousand of its 50.01% associate Piraeus—TANEO Capital Fund, with the amount of € 274.18 thousand, without altering its shareholding percentage.

On 30/10/2012, 20/11/2012 and 19/12/2012 Piraeus Equity Partners LTD, 100% Group's subsidiary, fully covered the share capital increase of its 100% subsidiary Piraeus FI Holding LTD, with the amount of € 581.96 thousand, without altering its shareholding percentage.

On 12/11/2012, Piraeus Bank S.A. fully covered the share capital increase of its 100% subsidiary Piraeus Bank Cyprus LTD, with the amount of € 25 million, through the conversion of subordinated loan, without altering its shareholding percentage.

On 20/11/2012, Piraeus Clean Energy LP, 100% Group's subsidiary, fully covered the share capital increase of its 100% subsidiary Piraeus Clean Energy Holdings LTD, with the amount of € 20 thousand, without altering its shareholding percentage.

49. Changes in the portfolio of subsidiaries and associates (Continued)

On 21/11/2012, Piraeus Clean Energy Holdings LTD, 100% Group's subsidiary, 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.

On 22/11/2012, Piraeus Bank S.A., fully covered the share capital increase of Pleiades Estate S.A., 100% Group's subsidiary, with the amount of € 1.30 million. As a result Piraeus Bank S.A. acquired 13.51% of Pleiades Estate S.A., without altering Group's shareholding percentage (100%).

On 23/11/2012, R.E Anodus LTD, 100% subsidiary of Piraeus Bank S.A., covered its shareholding ratio in the share capital increase of Solum Enterprise LLC by UAH 89.89 thousand, with the amount of € 8.57 thousand, without altering its shareholding percentage.

On 30/11/2012, ETVA Industrial Parks S.A., 65% subsidiary of Piraeus Bank S.A., fully covered the share capital increase of its 100% subsidiary Astraios Energy Photovoltaics S.A., with the amount of € 4.23 million, without altering its shareholding percentage.

On 30/11/2012, ETVA Industrial Parks S.A., 65% subsidiary of Piraeus Bank S.A., fully covered the share capital increase of its 100% subsidiary Orion Energy Photovoltaics S.A., with the amount of € 3.47 million, without altering its shareholding percentage.

Piraeus FI Holding LTD, 100% Group's subsidiary, fully covered the capital increase of its 100% subsidiary Piraeus Clean Energy LP, with the amount of € 581.96 thousand, without altering its shareholding percentage.

On 3/12/2012, R.E Anodus LTD, 100% subsidiary of Piraeus Bank S.A., covered its shareholding ratio in the share capital increase by € 600 thousand of Entropia Ktimatiki S.A., 33.30% Group's associate, with the amount of € 199.80 thousand, without altering its shareholding percentage.

On 20/12/2012, Piraeus Bank S.A., fully covered the share capital increase of Piraeus Real Estate Egypt LLC of € 6.02 million. As a result Piraeus Bank S.A. acquired 99.90% of Piraeus Real Estate Egypt LLC. Therefore, Group's shareholding percentage increased from 99.80% to 100%.

The net inflow from the percentage increases and the acquisitions of the subsidiary companies amounts to € 516 thousand and is presented below:

Acquisitions of subsidiary companies, axcluding the cash and cash equivalents that acquired	**31/12/2012**	**31/12/2011**
Precentage increase of the subsidiary companies of the Group	453	3,806
Acquisition of subsidiary companies	1,075	43
Less: Cash and cash equivalents that acquired	(517,165)	(31)
	(515,637)	**3,818**

f) Liquidations:

On 10/5/2012, the dissolution of Maples Invest & Holding S.A. and Margetson Invest & Finance S.A., 100% subsidiaries of Piraeus Bank S.A. has been completed.

On 5/11/2012, Ekathariseis Aktoploias S.A., 49% Group's associate, was erased from the Greek authorities.

On 10/12/2012, the dissolution of Piraeus Wealth Management (Switzerland), 42.25% Group's subsidiary, has been completed by Swiss authorities.

g) Further Changes—Transfers:

On 2/7/2012, Piraeus Leasing Bulgaria EAD, 100% Group's subsidiary, absorbed Piraeus Best Leasing Bulgaria EAD and Piraeus Auto Leasing S.A., 100% Group's subsidiaries. As a result, Group's shareholding percentage of Piraeus Leasing Bulgaria EAD remained at 100%.

On 28/9/2012, Piraeus Bank S.A. absorbed its 100% subsidiary, Piraeus Cards S.A.

50. Restatement of comparatives

The restatement in Consolidated Income Statement of the comparative year 2011 Consolidated Cash Flow Statement of the comparative year 2011 is due to the presentation of Marathon Banking Corporation in "Discontinued operations" and the transfer of Piraeus Bank Egypt Group from "Discontinued operations" to "Continuing operations".

The restatements of the year 2011 are presented below.

	1/1-31/12/2011		
	Published amounts	**Discontinued operations**	**Continuing operations**
Consolidated income statement			
Interest and similar income	2,860,865	52,266	2,913,131
Interest expense and similar charges	(1,687,630)	(52,885)	(1,740,515)
Net interest income	**1,173,235**	**(619)**	**1,172,615**
Fee and commission income	224,346	8,650	232,996
Fee and commission expense	(34,039)	(1,179)	(35,218)
Net fee and commission income	**190,307**	**7,472**	**197,778**
Dividend income	3,416	1,336	4,752
Net trading income	(103,043)	1,298	(101,745)
Net income from financial instruments designated at fair value through profit or loss	(6,419)	0	(6,419)
Results from investment securities	(582)	26	(556)
Other operating income/(expense)	(44,269)	62	(44,207)
Total net income	**1,212,645**	**9,575**	**1,222,220**
Staff costs	(372,183)	(17,402)	(389,584)
Administrative expenses	(334,547)	(2,048)	(336,596)
Depreciation and amortization	(88,583)	(8,137)	(96,720)
Gains/(losses) from sale of assets	(730)	215	(515)
Total operating expenses before provisions	**(796,043)**	**(27,372)**	**(823,416)**
Impairment losses on loans, debt securities and other receivables	(3,811,395)	(16,678)	(3,828,073)
Impairment on investment securities	(3,964,370)	(354)	(3,964,724)
Other provisions and impairment	(86,769)	(4,081)	(90,850)
Share of profit of associates	(31,341)	33	(31,308)
Profit/(loss) before income tax	**(7,477,273)**	**(38,877)**	**(7,516,151)**
Income tax	896,410	(2,285)	894,125
Profit/(loss) after income tax	**(6,580,863)**	**(41,163)**	**(6,622,026)**
Profit/(loss) after income tax from discontinued operations	(37,256)	41,163	3,907
PROFIT/(LOSS) AFTER TAX FOR THE YEAR	**(6,618,119)**	**0**	**(6,618,119)**
From continuing operations			
Profit/(loss) for the period attributable to equity holders of the parent entity	(6,576,880)	(40,316)	(6,617,196)
Non controlling interest	(3,983)	(847)	(4,830)
From discontinued operations			
Profit/(loss) for the period attributable to equity holders of the parent entity	(36,499)	40,316	3,817
Non controlling interest	(757)	847	90
From continuing operations			
Earnings/(losses) per share attributable to equity holders of the parent entity:			
—Basic and Diluted	(6.0788)	(0.0373)	(6.1160)
From discontinued operations			
Earnings/(losses) per share attributable to equity holders of the parent entity:			
—Basic and Diluted	(0.0337)	0.0373	0.0035

50. Restatement of comparatives (Continued)

	1/1-31/12/2011		
	Published amounts	**Discontinued operations**	**Continuing operations**
Consolidated cash flow statement			
Net cash inflow/(outflow) from operating activities	190,256	(449,441)	(259,185)
Net cash inflow/(outflow) from investing activities	(836,530)	(49,610)	(886,141)
Net cash inflow/(outflow) from financing activities	(252,829)	(127)	(252,956)
Total cash inflows/(outflows) for the year	**(899,104)**	**(499,179)**	**(1,398,283)**
Effect of exchange rate fluctuations on cash and cash equivalents	10,895	(1,012)	9,883
Net increase/(decrease) in cash and cash equivalents of the year from continuing operations (A)	(888,210)	(500,191)	(1,388,400)
Net increase/(decrease) in cash and cash equivalents of the year from discontinued operations (B)	(465,586)	500,191	34,605
Cash and cash equivalents at the beginning of the year (C)	4,034,929	0	4,034,929
Cash and cash equivalents at the end of the year (A)+(B)+(C)	**2,681,134**	**(0)**	**2,681,134**

51. Events subsequent to the end of the year

- On January 28th, 2013, following the decision of the Bank of Greece Resolution Measures Committee (resolutions 9/1/28.01.2013 and 8/1/24.01.2013—Government Gazette 112/24.01.2013), the acquired by Piraeus Bank perimeter of selected 'good' assets and liabilities of the under special liquidation credit institution Agricultural Bank of Greece S.A. was finalized. The € 7.5 bn difference between the transferred assets and liabilities was covered by the Hellenic Financial Stability Fund (HFSF).
- On January 31st, 2013, Piraeus Bank resolved the issuance of contingent convertible securities up to a total amount of € 2 bn through waiver of pre-emption rights of existing shareholders of ordinary registered shares, in accordance with the provisions of L.3864/2010, as amended, and the Ministers' Council Act no 38/9.11.2012 (Government Gazette 223/2012), as a result of the voting of resolutions carried at the 2nd Iterative General Meeting of Shareholders holding ordinary shares.
- On February 6th, 2013, Piraeus Bank confirmed that exclusive discussions were taking place with Millennium BCP regarding the potential acquisition of its subsidiary Millennium Bank in Greece. Piraeus Bank stressed that no final decision had yet been made by either party and therefore no investment decision should be made in reliance upon the successful or unsuccessful outcome of the discussions.
- On February 22, 2013 Piraeus Bank announced that it signed a contract under which it has covered the Convertible Bond issued by Geniki Bank of Greece S.A. for the amount of € 350.3 mn and in parallel it has exercised its right to convert the bonds into Geniki Bank's shares of one (1) euro nominal value each, with conversion price of € 6.86 per share. Following the completion of the relevant procedure, the total stake of Piraeus Bank into Geniki Bank's share Capital will be 68,162,490 common registered shares, i.e. 99.77%.
- On March 1st, 2013, Piraeus Bank submitted a Mandatory Tender Offer to the shareholders of Geniki Bank of Greece SA. The submitted Tender Offer encompasses the total number of the common shares of Geniki Bank which Piraeus Bank did not hold on the 17th of December 2012 (date of Tender Offer), which corresponds to the acquisition of 159,731 common shares of Geniki Bank or 0.92% of the total paid-up share capital along with its voting rights, for the price of € 6.86 per share, paid in cash.
- On March 25, 2013, the Eurogroup agreed with the Cypriot authorities on the basic elements of a future program for macroeconomic adjustment. In relation to this event it is noted the Group's total exposure in Cyprus, in balance sheet terms, amounted to € 1.6 bn on

51. Events subsequent to the end of the year (Continued)

December 31, 2012, which represents 2.0% of the Group's total assets taking into consideration € 7.3 bn capital-commitment, € 0.6 bn commitment for ATEbank and € 0.8 bn of the additional funding gap of ATEbank (all amounts provided by HFSF). The aforementioned exposure refers to a) the 100% of the assets of the Group's subsidiary Piraeus Bank Cyprus and the remaining of its participations in Cyprus amounting to € 1.3 bn b) approximately € 0.3 bn of loans as well as c) an investment in a bond issued by Bank of Cyprus London amounting to € 2.2 mn. Additionally, on December 31, 2012 there are contingent liabilities amounting to € 0.1 bn. Finally, it should be noted that net revenues of the Group's activities in Cyprus for the full year 2012 represents 1.4% of the Group's net revenues.

– On March 26th 2013, Piraeus Bank signed an agreement to acquire all of the Greek deposits, loans and branches of Bank of Cyprus, Cyprus Popular Bank and Hellenic Bank, including loans and deposits of their Greek subsidiaries (leasing, factoring and the Investment Bank of Greece (IBG)), for a total cash consideration of € 524 mn.

Athens, March 27th, 2013

CHAIRMAN OF THE BOARD OF DIRECTORS	MANAGING DIRECTOR & C.E.O.	CHIEF FINANCIAL OFFICER	DEPUTY CHIEF FINANCIAL OFFICER
MICHALIS G. SALLAS	STAVROS M. LEKKAKOS	GEORGE I. POULOPOULOS	KONSTANTINOS S. PASCHALIS

[Translation from the original text in Greek]

Independent Auditor's Report

To the Shareholders of Piraeus Bank S.A.

Report on the Separate and Consolidated Financial Statements

We have audited the accompanying separate and consolidated financial statements of "Piraeus Bank S.A." and its subsidiaries which comprise the separate and consolidated statement of financial position as of 31 December 2011 and the separate and consolidated income statement and statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these separate and consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the separate and consolidated financial statements present fairly, in all material respects, the financial position of the "Piraeus Bank S.A." and its subsidiaries as at December 31, 2011, and its/their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Emphasis of matter

Without qualifying our opinion, we draw attention to the disclosures made in note 2.1 to the financial statements, which refer to the impact of the impairment losses resulting from the Greek sovereign debt restructuring on the Bank and Group's regulatory capital, the planned actions to restore the capital adequacy and the existing uncertainties that could adversely affect the going concern assumption until the completion of the recapitalisation process.

Reference on Other Legal and Regulatory Matters

a) Included in the Board of Directors' Report is the corporate governance statement that contains the information that is required by paragraph 3d of article 43a of Codified Law 2190/1920.

b) We verified the conformity and consistency of the information given in the Board of Directors' report with the accompanying separate and consolidated financial statements in accordance with the requirements of articles 43a, 108 and 37 of Codified Law 2190/1920.

Athens, 20th April 2012

PricewaterhouseCoopers S.A.
268 Kifissias Avenue
152 32 Halandri

SOEL Reg. No. 113

THE CERTIFIED AUDITOR
Konstantinos Michalatos

SOEL Reg. No. 17701

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December 2011	Year ended 31 December 2010
Interest and similar income	6	2,860,865	2,564,951
Interest expense and similar charges	6	(1,687,630)	(1,377,034)
NET INTEREST INCOME		**1,173,235**	**1,187,917**
Fee and commission income	7	224,346	232,967
Fee and commission expense	7	(34,039)	(44,686)
NET FEE AND COMMISSION INCOME		**190,307**	**188,281**
Dividend income	8	3,416	5,855
Net trading income	9	(103,043)	19,577
Net income from financial instruments designated at fair value through profit or loss	10	(6,419)	(8,045)
Results from investment securities	11	(582)	(2,051)
Other operating income	12	(44,269)	85,033
TOTAL NET INCOME		**1,212,645**	**1,476,567**
Staff costs	13	(372,183)	(389,861)
Administrative expenses	14	(334,547)	(363,093)
Depreciation and amortisation	29, 30	(88,583)	(83,239)
Gains/(Losses) from sale of assets		(730)	(1,168)
TOTAL OPERATING EXPENSES BEFORE PROVISIONS		**(796,043)**	**(837,360)**
PROFIT BEFORE PROVISIONS AND INCOME TAX		**416,602**	**639,207**
Impairment losses on loans, debt securities and other receivables	24	(3,811,395)	(568,492)
Impairment on investment securities	25, 45	(3,964,370)	(10,373)
Other provisions and impairment	29, 30, 40	(86,769)	(6,508)
Share of profit of associates	27	(31,341)	(3,707)
PROFIT/(LOSS) BEFORE INCOME TAX		**(7,477,273)**	**50,127**
Income Tax Expense	16	896,410	(5,092)
Tax contribution	16	—	(24,630)
PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS		**(6,580,863)**	**20,406**
Profit/(loss) after income tax from discontinued operations		(37,256)	(41,597)
PROFIT/(LOSS) AFTER TAX		**(6,618,119)**	**(21,191)**
From continuing operations			
Profit/(Loss) for the year attributable to equity holders of the parent entity		(6,576,880)	20,112
Non controlling interest		(3,983)	294
From discontinued operations			
Profit/(Loss) for the year attributable to equity holders of the parent entity	15	(36,499)	(40,585)
Non controlling interest	15	(757)	(1,011)
Earnings/(Losses) per share attributable to equity holders of the parent entity (in euros):			
From continuing operations —Basic and Diluted	17	(6.0788)	0.0317
From discontinued operations —Basic and Diluted	17	(0.0337)	(0.0640)

The notes on pages F-159 to F-259 are integral part of these consolidated financial statements.

Piraeus Bank Group—31 December 2011

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2011	31 December 2010
ASSETS			
Cash and balances with Central Banks	19	2,552,717	2,993,275
Loans and advances to credit institutions	20	316,136	1,476,856
Derivative financial instruments—assets	21	379,238	143,967
Trading securities	22	464,313	673,984
Financial instruments at fair value through profit or loss	22	9,922	16,426
Reverse repos with customers	23	57,395	955,401
Loans and advances to customers and debt securities—receivables (net of provisions)	24	35,633,795	40,150,412
Investment securities			
—Available for sale securities	25	2,745,065	2,051,103
—Held to maturity	25	1,249,849	5,056,820
Investments in associated undertakings	27	214,642	211,796
Intangible assets	29	325,454	384,308
Property, plant and equipment	30	896,756	967,023
Investment property	31	877,511	927,129
Assets held for sale	32	14,021	23,242
Deferred tax assets	41	1,177,992	297,882
Inventories property	33	264,891	199,504
Other assets	33	1,015,395	1,032,212
Assets from discontinued operations	28	1,157,214	—
TOTAL ASSETS		**49,352,308**	**57,561,340**
LIABILITIES			
Due to credit institutions	34	25,413,598	19,930,269
Liabilities at fair value through profit or loss	35	18,475	308,864
Derivative financial instruments—liabilities	21	389,728	201,140
Due to customers	36	21,795,677	29,474,998
Debt securities in issue	37	1,268,045	2,659,618
Hybrid capital and other borrowed funds	38	498,968	510,442
Retirement benefit obligations	42	172,856	209,490
Other provisions	40	18,302	19,817
Current income tax liabilities		13,742	95,222
Deferred tax liabilities	41	46,640	41,910
Other liabilities	39	648,774	835,838
Liabilities from discontinued operations	28	1,007,341	—
TOTAL LIABILITIES		**51,292,146**	**54,287,608**
EQUITY			
Share capital	44	1,092,998	470,882
Share premium	44	2,953,356	2,430,877
Less: Treasury shares	44	(192)	(8,790)
Other reserves	45	(131,058)	(432,845)
Amounts recognized directly in equity relating to non-current assets from discontinued operations	45	(14,529)	—
Retained earnings	45	(5,975,642)	672,687
Capital and reserves attributable to equity holders of the parent entity		**(2,075,067)**	**3,132,811**
Non controlling interest		135,228	140,920
TOTAL EQUITY		**(1,939,838)**	**3,273,732**
TOTAL LIABILITIES AND EQUITY		**49,352,308**	**57,561,340**

The notes on pages F-159 to F-259 are integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

	Note	Year ended 31 December 2011	Year ended 31 December 2010
CONTINUING OPERATIONS			
Profit/(loss) after tax fro the year (A)		**(6,580,863)**	**20,406**
Other comprehensive income, net of tax:			
Net change in available for sale reserve	18	271,924	(185,246)
Change in currency translation reserve	18	(2,874)	(19,445)
Premium on equity instrument	18, 45	—	(67,805)
Other comprehensive incomefor the year, net of tax (B)		**269,050**	**(272,496)**
Total comprehensive income for the year, net of tax (A+B)		**(6,311,814)**	**(252,090)**
—Attributable to equity holders of the parent entity		(6,307,919)	(261,692)
—Non controlling interest		(3,895)	9,602
DISCONTINUED OPERATIONS			
Profit/(loss) after tax for the year (C)		**(37,256)**	**(41,597)**
Net change in available for sale reserve	18	(2,179)	312
Change in currency translation reserve	18	(2,248)	(1,276)
Other comprehensive income for the year, net of tax (D)		**(4,427)**	**(964)**
Total comprehensive income for the year, net of tax (C+D)		**(41,683)**	**(42,561)**
—Attributable to equity holders of the parent entity		(40,886)	(32,608)
—Non controlling interest		(797)	(9,953)

The notes on pages F-159 to F-259 are integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to equity holders of the parent entity					Non controlling interest	TOTAL
		Share Capital	Share Premium	Treasury shares	Other reserves	Retained earnings		
Opening balance as at 1 January 2010		**1,974,020**	**927,739**	**(123)**	**(218,195)**	**782,619**	**148,175**	**3,614,234**
Other comprehensive income for the year, net of tax	18, 45				(206,021)	(67,805)	366	(273,460)
Results after tax for the year 2010	45					(20,474)	(717)	(21,191)
Total recognised income for the year 2010		**0**	**0**	**0**	**(206,021)**	**(88,278)**	**(351)**	**(294,650)**
Prior year dividends of ordinary shares							(1,320)	(1,320)
Prior year dividends of preference shares	45					(18,006)		(18,006)
Reduction of the nominal value of ordinary shares	44	(1,503,138)	1,503,138					0
(Purchases)/sales of treasury shares	44, 45			(8,667)		29		(8,638)
Transfer between other reserves and retained earnings	45				(8,249)	8,249		0
Acquisitions, disposals, liquidation and movement in participating interest	45				(313)	(11,822)	(5,544)	(17,679)
Other movements	45				(67)	(104)	(41)	(211)
Balance as at 31 December 2010		**470,882**	**2,430,877**	**(8,790)**	**(432,845)**	**672,687**	**140,920**	**3,273,732**
Opening balance as at 1 January 2011		**470,882**	**2,430,877**	**(8,790)**	**(432,845)**	**672,687**	**140,920**	**3,273,732**
Other comprehensive income for the year, net of tax	18, 45				264,574	—	50	264,623
Results after tax for the year 2011	45					(6,613,379)	(4,740)	(6,618,119)
Total recognised income for the year 2011		**0**	**0**	**0**	**264,574**	**(6,613,379)**	**(4,691)**	**(6,353,496)**
Prior year dividends of ordinary shares							(30)	(30)
Increase of share capital through cash payment	44	242,116	522,478					764,594
Issue of preference shares	44, 45	380,000				(4,180)		375,820
(Purchases)/sales of treasury shares and preemption rights	44, 45			8,598		(7,534)		1,064
Transfer between other reserves and retained earnings	45				22,596	(22,596)		0
Acquisitions, disposals, liquidation and movement in participating interest	45				88	(454)	(970)	(1,336)
Other movements	45					(185)		(185)
Balance as at 31 December 2011		**1,092,998**	**2,953,355**	**(192)**	**(145,587)**	**(5,975,641)**	**135,230**	**(1,939,837)**

The notes on pages F-159 to F-259 are integral part of these consolidated financial statements.

Piraeus Bank Group—31 December 2011

Amounts in thousand euros (Unless otherwise stated)

CONSOLIDATED CASH FLOW STATEMENT

	Note	From January 1 to 31 December 2011	31 December 2010
Cash flows from operating activities from continuing operations			
Profit/(Loss) before tax		(7,477,273)	50,127
Adjustments to profit/(loss) before tax:			
Add: provisions and impairment	24, 40	7,862,534	585,373
Add: depreciation and amortisation charge	29, 30	88,583	83,239
Add: retirement benefits	42	28,035	29,961
(Gains)/losses from valuation of trading securities and financial instruments at fair value through profit or loss		195,644	21,337
(Gains)/losses from investing activities		126,244	(14,181)
Cash flows from operating profits before changes in operating assets and liabilities		**823,767**	**755,854**
Changes in operating assets and liabilities:			
Net (increase)/decrease in cash and balances with Central Banks		(71,800)	106,262
Net (increase)/decrease in trading securities and financial instruments at fair value through profit or loss		(22,784)	(53,769)
Net (increase)/decrease in debt securities—receivables		(812,404)	(516,406)
Net (increase)/decrease in loans and advances to credit institutions		6,900	(7,599)
Net (increase)/decrease in loans and advances to customers		810,666	(562,471)
Net (increase)/decrease in reverse repos with customers		898,005	(955,401)
Net (increase)/decrease in other assets		26,525	(103,634)
Net increase/(decrease) in amounts due to credit institutions		5,496,867	5,514,690
Net increase/(decrease) in liabilities at fair value through profit or loss		(290,389)	308,864
Net increase/(decrease) in amounts due to customers		(6,358,837)	(820,026)
Net increase/(decrease) in other liabilities		(255,146)	(73,160)
Net cash from operating activities before income tax payment		251,370	3,593,206
Income tax paid (including tax contribution)		(61,114)	(27,248)
Net cash inflow/(outflow) from continuing operating activities		**190,256**	**3,565,958**
Cash flows from investing activities of continuing operations			
Purchases of property, plant and equipment	30, 31	(186,898)	(190,187)
Sales of property, plant and equipment		45,775	65,212
Purchases of intangible assets	29	(24,297)	(26,892)
Purchases of held for sale assets	32	(9,834)	(11,396)
Sales of held for sale assets		6,817	25,760
Purchases of investment securities	25	(5,423,677)	(3,029,091)
Disposals/maturity of investment securities	25	4,801,350	1,340,843
Acquisition of subsidiaries (net of cash & cash equivalents acquired)		(3,769)	(38,692)
Disposals of subsidiaries (net of cash & cash equivalents disposed)		45	12,304
Acquisition and participation in share capital increases of associates	49	(46,156)	(15,146)
Disposal of associates	49	698	17
Dividends received		3,415	5,853
Net cash inflow/(outflow) from continuing investing activities		**(836,530)**	**(1,861,415)**
Cash flows from financing activities of continuing operations			
Net proceeds from issue/(repayment) of debt securities and other borrowed funds		(1,403,047)	(1,547,495)
Increase of share capital through cash payment		753,980	—
Net proceeds from issue of preference shares		375,820	—
Payment of prior year dividends		—	(24,170)
Purchases/sales of treasury shares and preemption rights		1,064	(8,638)
Other cash flows from financing activities		19,354	37,266
Net cash inflow/(outflow) from continuing financing activities		**(252,829)**	**(1,543,037)**
Effect of exhange rate changes on cash and cash equivalents		10,895	(23,312)
Net increase/(decrease) in cash and cash equivalents of the year from continuing activities (A)		**(888,210)**	**138,195**
Net cash flows from discontinued operating activities		(431,606)	531,725
Net cash flows from discontinued investing activities		(32,967)	(22,918)
Net cash flows from discontinued financing activities		(1)	4
Effect of exhange rate changes on cash and cash equivalents		(1,012)	(1,102)
Net incease/(decrease) in cash and cash equivalents of the year from discontinued activities (B)		**(465,586)**	**507,709**
Cash and cash equivalents at the beginning of the year (C)	47	**4,034,929**	**3,389,025**
Cash and cash equivalents at the end of the year (A)+(B)+(C)	47	**2,681,134**	**4,034,929**

The notes on pages F-159 to F-259 are integral part of these consolidated financial statements.

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 societés 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, the U.S.A., as well as Western Europe. The Group employs in total 12,806 people of which 1,559 people, refer to discontinued operations (Egypt).

Apart from the ATHEX Composite Index, Piraeus Bank's share is a constituent of other indices as well, such as FTSE/ATHEX (Banks, 20, International), FTSE/ATHEX-CSE Banking Index, FTSE (Greece Small Cap, RAFI All World & Developed 1000, Med 100, FTSE4Good Index Series), MSCI (World Small Cap, Europe Small Cap, IMI, Greece Small Cap), Euro Stoxx (TMI, Sustainability), S&P (Global BMI, Developed BMI) and Russell Global (SC Growth, SC Value).

2. General accounting policies of the Group

The accounting policies applied by Piraeus Bank Group in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all reporting periods presented.

2.1 Basis of preparation of the consolidated financial statements

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

The financial statements of the 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.

The main principle for the preparation of the consolidated financial statements is the historical cost convention, as modified by the revaluation of the available for sale portfolio, financial assets and liabilities of the trading portfolio, derivative financial instruments, as well as investment property. The preparation of the financial statements in conformity with IFRS requires the use of estimates, accounting policies and assumptions which affect the reported assets and liabilities, the recognition of contingent liabilities, as well as the recognition of income and expenses in the consolidated financial statements.

The Group has incurred substantial impairment losses as a result of the Hellenic Republic's debt restructuring ("PSI"). Such losses had a respective impact on the accounting and regulatory capital of the Group as of 31 December 2011, as explained in note 4 "Critical accounting estimates and judgements in the application of the accounting policies" and note 3.8 "Capital adequacy" of the consolidated financial statements and also in the Directors' Report.

Having reviewed the Group's forecasts, projections and other relevant evidence, and after considering,

a) Bank of Greece's ("BoG") recommendation of 18 April 2012 to the Hellenic Financial Stability Fund ("HFSF") for the Group's accession to the provisions of the Memorandum of Economic and Financial Policies for the recapitalisation of Greek financial institutions,

b) the HFSF's commitment of 20 April 2012, following the relevant application submitted by the Group, that it will participate in the share capital increase planned to take place in 2012 according to the provisions of the aforementioned Memorandum, and

2. General accounting policies of the Group (Continued)

c) the risks and uncertainties in relation to the recapitalisation process that are summarized as follows:

For 2012, the fiscal situation in Greece remains the main risk factor for the Greek banking sector and Piraeus Bank. Any possible negative outcome in this field strongly affects the Bank's liquidity and the asset quality.

Greek banks' participation in the PSI had a significant negative impact on their equity and capital adequacy. For this reason, the EU/ECB/IMF, through the 2nd economic adjustment programme, has already fully safeguarded the capital adequacy of the banking system and its capability to finance the Greek economy.

In the context of the recapitalization process of the Greek banks, Bank of Greece (BoG) requested and received (at end January 2012) their detailed Strategic-Business Plans for the period 2012-2015. The banks' capital needs will be based on these plans, including the PSI impact and the results of BlackRock Solutions diagnostic exercise—commissioned by Bank of Greece—on the domestic loan portfolios of the Greek banking groups. At the same time, the capital plans of the Greek banks were submitted to the BoG at the end of March 2012.

According to the Memorandum of Economic and Financial Policies, "banks submitting viable capital raising plans will be given the opportunity to apply for and receive public support in a manner that preserves private sector incentives to inject capital and thus minimizes the burden for taxpayers. Specifically, banks will be able to access capital from the Hellenic Financial Stability Fund (HFSF) through common shares and contingent convertible bonds".

It shall be noted that, the HFSF has already provided in this framework a Commitment Letter up to the amount of €5.0 billion for its participation in the impending share capital increase of Piraeus Bank. The Greek banking sector recapitalization should be consummated by the end of September 2012, in order for the Greek banking groups to comply with a 9% Core Tier 1 ratio by September 2012 and 10% by June 2013.

The Bank's management has a reasonable expectation that the recapitalisation of the Bank will be successfully completed within the timetable provisionally agreed between the Bank, the BoG and the HFSF and that the Group will continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

(A) New IFRSs, interpretations and amendments that have been issued by the International Accounting Standards Board and adopted by E.C., which are effective from 1.1.2011:

– **IAS 24 (Revised), "Related Party Disclosures" (effective for annual periods beginning on or after 1 January 2011).** The changes introduced by IAS 24 relate mainly to the related party disclosure requirements in the financial statements of government related entities.

– **IAS 32 (Amendment), "Financial Instruments: Presentation" (effective for annual periods beginning on or after 1 February 2010).** The amendment refers to the accounting for rights issues (rights, options, warrants) that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, these rights issues are classified as equity regardless of the currency in which the exercise price is denominated. Prior to the amendment, such rights were accounted for as derivative liabilities.

– **IFRS 1 (Amendment), "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters" (effective for annual periods beginning on or after 1 July 2010).** The purpose of the amendment was to permit first-time adopters to use the same transition provisions permitted for existing preparers of financial statements according to IFRSs.

2. General accounting policies of the Group (Continued)

– **IFRIC Interpretation 14 (Amendment), "IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" (effective for annual periods beginning on or after 1 January 2011).** The amendment to IFRIC 14 refers to the estimation of the economic benefit resulting from an early payment of future contributions in defined benefit programmes where there is a minimum funding requirement. Such an economic benefit can be recognized as an asset.

– **IFRIC Interpretation 19, "Extinguishing Financial Liabilities with Equity Instruments" (effective for annual periods beginning on or after 1 July 2010).** IFRIC 19 provides guidance on the accounting treatment of "debt for equity swaps" transactions. When equity instruments are issued by the entity to extinguish all or part of a financial liability, then the equity instrument shall be recognized at its fair value. The difference between the carrying amount of the financial liability and the consideration paid shall be recognized in profit or loss. It is noted that IFRIC 19 can be only applied when the terms of the contract are negotiated and not when the settlement of the financial liability through the issue of shares is provided for in the original contract.

Improvements to IFRS (May 2010)

– **IFRS 1 (Amendment), "First Time Adoption of International Financial Reporting Standards" (effective for annual periods beginning on or after 1 January 2011).** The amendment provides guidance in case of changes to the accounting policies in the first IFRS financial statements.

– **IFRS 3 (Amendment), "Business Combinations" (effective for annual periods beginning on or after 1 July 2010).** The amendment clarifies the measurement of non-controlling interests on the date of acquisition.

– **IFRS 7 (Amendment), "Financial Instruments: Disclosures" (effective for annual periods beginning on or after 1 January 2011).** The amendment clarifies the required level of disclosure in relation to credit risk and collateral held.

– **IAS 1 (Amendment), "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 January 2011).** The amendment clarifies that, for each component of equity, an analysis of other comprehensive income by item may be presented either in the statement of changes in equity or in the notes to the financial statements.

– **IAS 27 (Amendment), "Consolidated and Separate Financial Statements" (effective for annual periods beginning on or after 1 July 2010).** The amendment clarifies that the amendments made to IAS 21 "The Effects of Changes in Foreign Rates", IAS 28 "Investments in Associates" and IAS 31 "Interests in Joint Ventures" as a result of revised IAS 27 (2008) shall be applied prospectively.

– **IAS 34 (Amendment), "Interim Financial Reporting" (effective for annual periods beginning on or after 1 January 2011).** The amendment refers to the disclosure about significant events and transactions.

– **IFRIC Interpretation 13 (Amendment), "Customer Loyalty Programmes" (effective for annual periods beginning on or after 1 January 2011).** The amendment relates to the fair value estimation of award credits in customer loyalty programmes.

(B) The following amendment has been issued by the International Accounting Standards Board and has been endorsed by the E.U. in November 2011. It is not effective in 2011 and has not been early adopted by the Group:

– **IFRS 7 (Amendment), "Financial Instruments: Disclosures—Transfers of Financial Assets" (effective for annual periods beginning on or after 1 July 2011).** Amendments to IFRS 7 were published in October 2010. The amendments enhance existing required disclosures for

2. General accounting policies of the Group (Continued)

transferred financial assets that are not derecognized and require additional disclosures on the entity's continuing involvement in derecognized assets.

The application of the above mentioned amendment is not expected to have a material effect on the Group's consolidated financial statements in the period of its initial application.

(C) The following new IFRSs, interpretations and amendments have been issued by the International Accounting Standards Board up to the end of 2011 but they have not been endorsed by the E.U. and they have not been early adopted by the Group:

– **IFRS 9, "Financial Instruments" (effective for annual periods beginning on or after 1 January 2015).** IFRS 9 was published in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets. According to IFRS 9, financial assets shall be classified at initial recognition at either amortized cost or at fair value. In addition, at initial recognition an entity may make an irrevocable election to present in equity subsequent changes in the fair value of an equity instrument that is not held for trading. IFRS 9 requires all financial assets to be (a) classified on the basis of the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset, (b) initially measured at the fair value plus transaction costs in case of financial assets other than those at fair value through profit or loss, and (c) subsequently measured at amortized cost or fair value.

– **IFRS 9 (Amendment), "Financial Instruments" (effective for annual periods beginning on or after 1 January 2015).** Amendments to IFRS 9 were issued to address financial liabilities. For fair value option liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income. The remainder of the change in fair value shall be presented in profit or loss, unless presentation of the fair value change in relation to the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. In such cases, the entire change in fair value shall be presented in profit or loss.

– **IAS 12 (Amendment), "Income Taxes" (effective for annual periods beginning on or after 1 January 2012).** Amendments to IAS 12 were issued to address the determination of deferred tax on a) investment property measured at fair value and b) property, plant and equipment measured using the revaluation model in IAS 16. In both cases, deferred tax is required to be determined using the rebuttable presumption that the carrying amount of the underlying asset will be recovered through sale.

– **IFRS 1 (Amendment), "Severe Hyperinflation and Removal of Fixed Dates for First Time Adopters" (effective for annual periods beginning on or after 1 July 2011).** The amendment applies to those entities that have been unable to present IFRS financial statements due to "severe hyperinflation". Such entities can elect fair value as deemed cost for assets and liabilities affected by severe hyperinflation in their first IFRS financial statements. The amendment also provides relief from retrospective application of IAS 39.

– **IAS 27 (Amendment), "Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2013).** 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 2013).** 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.

2. General accounting policies of the Group (Continued)

– **IFRS 10, "Consolidated Financial Statements" (effective for annual periods beginning on or after 1 January 2013).** 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 2013).** 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 2013).** 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 13, "Fair Value Measurement" (effective for annual periods beginning on or after 1 January 2013).** IFRS 13 defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements.

– **IAS 19 (Amendment), "Employee Benefits" (effective for annual periods beginning on or after 1 January 2013).** The amendment removes the corridor mechanism and the concept of expected returns on plan assets. Actuarial gains and losses will be recognized in other comprehensive income as they occur. Plan assets will produce a credit to income based on corporate bond yields irrespective of the actual composition of assets held.

– **IAS 1 (Amendment), "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 July 2012).** The amendment requires entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. If the items are presented before tax, then the tax related to the two groups of other comprehensive income items (those that might be reclassified and those that will not be reclassified) must be shown separately.

– **IFRIC Interpretation 20, "Stripping Costs in the Production Phase of a Surface Mine" (effective for annual periods beginning on or after 1 January 2013).** This interpretation provides guidance for the accounting of waste removal costs that are incurred in surface mining activity during the production phase of a mine ("production stripping costs").

– **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 shall be applied retrospectively.

– **IFRS 7 (Amendment), "Financial Instruments: Disclosures—Offsetting Financial Assets and Financial Liabilities" (effective for annual periods beginning on or after 1 January 2013).** Amendments to IFRS 7 were issued in December 2011 to require additional disclosures that will enable users of financial statements to evaluate the effect of netting arrangements.

– **IFRS 9 and IFRS 7 (Amendments), "Mandatory Effective Date and Transition Disclosures" (effective for annual periods beginning on or after 1 January 2015).** The amendment to IFRS 9 requires entities to apply IFRS 9 for annual periods beginning on or after 1 January 2015. The amendment to IFRS 7 requires additional disclosures on the transition from IAS 39 to IFRS 9.

2.2 Consolidation

The consolidated financial statements include the parent company, its subsidiaries and its associates.

2. General accounting policies of the Group (Continued)

A. Investments in Subsidiaries

Subsidiaries are all entities over which the parent company has control directly or indirectly through other Group subsidiaries by holding more than 50% of the voting rights. Control also exists when the parent company owns half or less of the voting power of an entity when there is:

(a) power over more than half of the voting rights by virtue of an agreement with other investors;

(b) power to govern the financial and operating policies of the entity under a statute or an agreement;

(c) power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body; or

(d) power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body.

The existence and effect of potential voting rights that are currently exercisable or convertible are also considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and they are de-consolidated from the date that control ceases. The Group reassesses consolidation status at least at every quarterly reporting date.

Special purpose entities controlled by the Group are consolidated. Even if there is no shareholder relationship, special purpose entities (SPEs) are consolidated in accordance with SIC Interpretation 12, if the Group controls them from an economic perspective. When assessing whether the Group controls a SPE in addition to the criteria in IAS 27 it evaluates a range of factors, including whether:

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

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

(c) the Group obtains the majority of the benefits of the SPE's activities and therefore may be exposed to risks arising from SPE's activities.

(d) the Group retains the majority of the residual or ownership risks related to the SPE or its assets in order to obtain the benefits from its activities.

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

– significant changes in the ownership of the SPE,

– changes in the contractual arrangements of the SPE,

– changes in the financing structure of the SPE.

All acquisitions are accounted for using the acquisition method as per IFRS 3 from the date the Group effectively obtains control. For business combinations, the Group recognises and measures goodwill as the difference of (a) over (b) below:

(a) the aggregate of:

i. the consideration transferred measured at fair value and the value of any non-controlling interest in the acquiree; and

2. General accounting policies of the Group (Continued)

ii. in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.

(b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured at their acquisition date fair values.

Non controlling interests are measured on the date of acquisition either at their proportionate interest in their identifiable assets or at fair value.

In case of a bargain purchase, that is when the aggregate of the consideration as defined in (a) above is less than the fair value of the net identifiable assets as defined in (b) above, the Group recognizes the resulting gain in profit or loss on the acquisition date.

The Group accounts for acquisition-related costs as expenses in the periods in which the costs are incurred and the services are received. Acquisition related costs are the costs the acquirer incurs to effect a business combination. These costs may include advisory, legal, accounting, valuation, other professional or consulting fees, costs of registering and issuing debt and equity securities.

When control is lost, any investment retained by the Group in the former subsidiary shall be accounted for in accordance with other IFRSs from the date. The fair value of the investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of a financial asset in accordance with IAS 39. The Group also discloses the gain or loss attributable to the recognition of an investment at its fair value.

Intercompany transactions, intercompany balances as well as unrealized gains/losses on transactions between Group companies are eliminated in full on consolidation.

Assets held in an agency or fiduciary capacity are not assets of the Group and are not included in the Group's consolidated balance sheet.

The Group's subsidiaries follow the same accounting policies adopted by the Group.

B. Transactions and minority interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). Any difference between the amount by which minority interest is adjusted and the fair value of the consideration paid or received, is recognised directly in equity attributable to shareholders.

However, when these transactions result in loss of control of a subsidiary, the Group recognises a gain or loss on disposal in profit or loss.

C. Investments in associates

Associates are all entities over which the Group has significant influence (according to IAS 28) but not a controlling interest. Significant influence is generally presumed when the Group holds between 20% and 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether the Group has significant influence.

Investments in associates are consolidated using the equity method of accounting. Associates are initially recognised in the Statement of Financial Position at cost and the carrying amount is increased or decreased to recognize the Group's share of profit or loss of the investee after the date of acquisition. They represent the fair value of the Group's share in the associates' net assets, which includes goodwill identified on acquisition (net of any accumulated impairment loss). The Group assesses, at each reporting date, whether trigger for impairment exists for an investment in associate. If any such trigger exists, the recoverable amount of the investment is estimated. Where the carrying amount (goodwill is included) of the investment exceeds its recoverable amount, then the carrying amount is written down to its recoverable amount.

2. General accounting policies of the Group (Continued)

The Group's share of its associates' post acquisition financial results is recognised in the income statement, and the share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment in associates. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Profits and losses from "upstream" and "downstream" transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

Associates' accounting policies have been changed where necessary to conform to the accounting policies adopted by the Group.

Gains and losses arising on partial disposals of investments in associates are recognised in the income statement. On loss of significant influence of an associate, the Group measures at fair value any retained investment. The difference between the carrying amount of the investment and its fair value at the date of loss of significant influence shall be recognized in profit or loss. The fair value of the investment when it ceases to be an associate shall be regarded as its fair value on initial recognition as a financial asset with IAS 39.

2.3 Foreign Currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in euro, which is Piraeus Bank's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Non monetary items in foreign currencies, except for those valued at fair values, are measured in terms of historical cost and are translated into the functional currency using the exchange rate at the date of the transaction.

(c) Group companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation as follows: profit and loss items are translated into euro according to the average year exchange rates of the measurement currencies against the euro, while assets and liabilities of the foreign subsidiaries are translated according to the exchange rate prevailing on the balance sheet date of the consolidated financial statements. The net assets of the foreign subsidiary are translated according to the historical rate.

Exchange differences resulting from the translation of the foreign subsidiaries financial statements, such as differences arising from translating income and expenses at average rates for the period and assets and liabilities at closing rates as well as differences arising from the translation of opening net assets at a closing rate that differs from the previous closing rate, are transferred directly to equity in the currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings and other currency instruments designated as hedges of such investments, are recorded in shareholders' equity. When a foreign subsidiary is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

2. General accounting policies of the Group (Continued)

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.4 Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments both for profit-making or hedging purposes and for the service of its clients needs. Derivative financial instruments held by the Group include Interest Rate Swaps, Futures, Credit Derivatives, Options, Asset Swaps, Forward Rate Agreements and FX Forwards.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into (trade date) and are subsequently remeasured at fair values on a daily basis. At initiation, the fair value is usually small or nil. Fair values are obtained from quoted market prices in active markets and option pricing models, where market prices are not available. Changes in the fair values of derivative financial instruments are included in net trading income. Derivatives are presented in assets when fair value is positive and in liabilities when fair value is negative.

Derivatives embedded in other financial instruments are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement.

Hedge accounting

The Group has adopted a hedge accounting policy according to the requirements of the revised IAS 39. The following, according to the requirements of the revised IAS 39, must be met in order for a hedge relationship to qualify for hedge accounting:

- The hedge should be effective at initiation.
- Ability to calculate the hedge effectiveness. The hedge effectiveness should be between 80%-125% at all times. Hedge effectiveness is always calculated; even when the terms of the hedging instrument and the hedged item are matched.
- Detailed documentation must be in place for all recognised hedging relationships (hedging instrument, hedged item, hedging strategy and scope of hedging relationship).

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (a) hedges of the fair value of recognised assets or liabilities or, (b) hedges of highly probable future cash flows attributable to a recognised asset or liability.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as the risk management objective and strategy for undertaking various hedge transactions. The Group also controls both at hedge inception and on an ongoing basis the hedge effectiveness of the hedging transaction.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used, is amortised to profit or loss over the period to maturity. The adjustment to the carrying amount of a hedged equity security is recorded in profit and loss accounts at its disposal.

2. General accounting policies of the Group (Continued)

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled to the income statement in the periods during which the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any accumulated gain or loss in equity at that time remains in equity and is recognised when the expected transaction is ultimately recognised in the income statement. When a future transaction is no longer expected to occur, the accumulated gain or loss in equity is immediately transferred to the income statement.

(iii) Net investment hedge

Hedges of net investments in foreign subsidiaries are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign subsidiary is disposed of.

(iv) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of such derivative instruments are recognised immediately in the income statement.

2.5 Recognition of deferred day one profit and loss

The best evidence of fair value at initial recognition of a financial instrument is the transaction price (i.e. the fair value of the consideration paid or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions for the same instrument or based on a valuation technique whose variables include only data from observable markets.

The Group has entered into transactions where fair value is determined using valuation models including variables not all of which are prices or interest rates of the market. Such a financial instrument is initially recognised at the transaction price, which is the best indicator of fair value, although the value obtained from the relevant valuation model may differ. The difference between the transaction price and the model value, commonly referred to as 'day one profit and loss', is not recognised immediately in profit and loss.

The timing of recognition of "deferred day one profit and loss" is determined individually. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market inputs, or realised through settlement. The financial instrument is subsequently measured at fair value, adjusted for the "deferred day one profit and loss". Subsequent changes in fair value are recognised immediately in the income statement without reversal of "deferred day one profits and losses".

2.6 Interest income and expense

Interest income and expense is recognised on an accrual basis in the income statement for all interest bearing balance sheet items according to the effective interest rate.

The effective interest rate exactly discounts any estimated future payment or proceeds throughout the life of a financial instrument or until the next date of interest reset, in order for the present value of all future cash flows to be equal to the carrying amount of the financial instrument, including any fees or transaction costs incurred.

2. General accounting policies of the Group (Continued)

Impaired loans are recorded at their recoverable amounts and therefore, interest income is recognised according to the effective interest rate used for the discounting of the cash flows for the impairment exercise.

2.7 Fees and commission income and expense

Commission income and expense is recognized on an accrual basis when the relevant services are provided to the Bank's clients or to the Group.

Fees, either income or expense, relating to financial instruments at amortized cost, such as loans, are deferred and recognized in the Income Statement as interest income throughout the life of the instrument using the effective interest rate method.

Loan syndication fees are recognised as revenue when the syndication has been completed and the Group retains no part on the loan package for itself or retains part at the same effective interest rate as well as the other participants. Commission and fees arising from negotiating or participating in the negotiation of a transaction for a third party—such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses—are recognised on completion of the underlying transaction.

2.8 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.9 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss category comprise of:

(a) Trading securities which include financial instruments that are acquired for the purpose of selling in the near term or they form part of a portfolio of financial instruments that are managed together and for which there is evidence of short term profit making pattern and

(b) Financial assets designated at fair value through profit or loss at inception (e.g. asset swaps) when:

- this will reduce measurement inconsistencies that would otherwise arise if the underlying financial instruments were carried at amortised cost and the related derivatives were treated as held for trading or,
- the financial assets are part of a portfolio of financial instruments which is risk managed and reported to senior management on a fair value basis or,
- they contain embedded derivatives that significantly affect the cash flows.

Financial assets at fair value through profit or loss are initially recognised at fair value and they are subsequently measured at fair value according to current market prices. Any transaction costs are expensed in the income statement.

All realised gains/losses from the sale of trading securities, as well as the non-realised gains and losses from their measurement at fair value, are included in "Net trading income". All realised gains/losses from the sale of financial assets designated at fair value through profit or loss as well as the non-realised gains and losses from their measurement at fair value, are included in "Net income from financial instruments designated at fair value through profit or loss".

Purchases and sales of financial assets at fair value through profit or loss are recognized on a trade date basis, which is the date on which the Group is committed to the purchase or sale of those securities. The Group derecognises the financial assets when the existence of the control of the contractual rights related to these financial assets ceases. The cessation of the control of the contractual rights occurs when the financial asset is sold, expired or written-off, or when all related cash flows are

2. General accounting policies of the Group (Continued)

transferred to a third party. Interest income from the maintenance of trading securities is recorded to "Interest and similar income". Dividends received are included in "Dividend Income".

2.10 Sale and repurchase agreements and securities lending

Securities sold subject to repurchase agreements ('repos') are reclassified in the financial statements as pledged assets when the transferee has the right by contract to sell or repledge the collateral; the counterparty liability is included in amounts due to other banks or due to customers, as appropriate. Securities purchased under agreements to resell (reverse repos) are recorded as "Reverse repos with customers".

The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

Securities lent to counterparties are presented in the financial statements as assets.

Securities borrowed are not recognized in the financial statements, unless these are sold to third parties. In that case, the gain or loss is included in net trading income. The obligation to return these securities is recorded at fair value.

2.11 Investment portfolio

A. Held to maturity portfolio

The held to maturity portfolio is the portfolio that the Group has the positive intent and ability to hold until maturity. Held to maturity investments are initially recognized at fair value (plus any transaction costs) and subsequently are carried at amortised cost using the effective interest rate method, less any provision for impairment. Moreover, held to maturity investments are reviewed for impairment, that is whether their carrying amount is greater than their estimated recoverable amount.

The amount for the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial asset's initial effective interest rate. Impairment losses are recognised in the Income Statement. The objective evidence that a held to maturity investment has been impaired or it is non collectable is stated in section 2.13.

If part of the held to maturity portfolio is sold or reclassified before maturity date, then the entire held to maturity portfolio must be reclassified to the available for sale portfolio (unless IAS 39 criteria are met) at its fair value. On such reclassification, the difference between the carrying amount and fair value shall be recorded in the available for sale reserve. In addition, the Group will not be able to classify any financial assets as held to maturity for the next two years.

Under regular circumstances, purchases and sales of held to maturity securities are recognised on the transaction date, which is the date that the Group commits to purchase or sale the asset. Held to maturity investments are derecognized when either the ability to receive cash flows has ceased or the Group has transferred substantially the risks and rewards to third parties.

B. Available for sale portfolio

Available for sale portfolio includes those investments intended to be held for an indefinite period of time and which may be sold in response to needs of liquidity or changes in interest rates, exchange rates or equity prices. The classification of investments as available for sale is not binding and as a result the subsequent reclassification to the held to maturity portfolio is permitted.

Regular way purchases and sales of available for sale securities are recognised transaction date, meaning the date on which the Group commits to purchase or sale the asset.

Securities of the available for sale portfolio are initially recognised at fair value (plus transaction costs directly attributable to the acquisition of the financial asset) and subsequently carried at fair value

2. General accounting policies of the Group (Continued)

according to current bid prices or valuation pricing models, in case the market prices are not available (in accordance with IAS 39 provisions). The non realised gains or losses arising from changes in the fair value of securities classified as available for sale, are recognised directly in equity (available for sale reserve). When securities of the available for sale portfolio are disposed of, all cumulative gains or losses previously recognised in equity are recognised in the Income Statement.

Securities of the available for sale portfolio are derecognised when the ability to receive cash flows has ceased or the Group has transferred substantially all risks and rewards to third parties.

The Group reviews at each reporting date whether there is an indication of permanent impairment (significant or prolonged decreases in fair value) for the available for sale securities based on several pricing models. For the shares of the available for sale portfolio, these models include the Price-to-Book Value ratio (P/BV), the Price-to-Earnings per share ratio (P/E) or the deviation from market value for listed securities. In case that there is indication of impairment, the Group thoroughly examines the ability to recover the acquisition cost of the shares based on the historic volatility of each individual share.

When there is objective evidence that an available for sale asset is impaired, the cumulative loss that has been recognised directly in equity is recycled to profit or loss. This cumulative loss is the difference between the acquisition cost and current fair value less any impairment loss on that financial asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale cannot be reversed through profit or loss. Impairment losses for a debt instrument that is classified as available for sale, can be reversed in profit or loss when the increase in fair value of this debt instrument can be objectively related to an event that occurred after the initial recognition of the impairment loss in profit or loss.

2.12 Reclassification of financial assets

Reclassification of non-derivative financial assets out of the "Held for trading" category to investments "Held to maturity" category or "Available-for-sale" category is permitted only in rare circumstances, provided that the financial assets meet the definition of this category at the date of reclassification and the financial assets are no longer held for sale in the foreseeable future.

Reclassification of financial assets out of the "Held for trading" category or "Available-for-sale" category to "Loans and receivables" category is permitted, provided that the financial assets meet the definition of this category at the date of reclassification and the Group has the intention and ability to hold the financial assets for the foreseeable future or until maturity. The Group has established the following guideline for what constitutes foreseeable future at the time of reclassification:

– the business plan should not be to profit from short term movements in prices,

– there should be no intent to dispose the asset within six months, and

– there must be no internal or external restriction on the Group's ability to hold the asset.

Reclassification of financial assets out of the "Available-for-sale" category to the "Held to maturity" category is permitted, provided that the financial assets meet the definition of this category at the date of reclassification and the Group has the intention and ability to hold the financial assets until maturity.

For financial assets reclassified as described above (with the exception of the reclassification of financial assets out of the "Held for trading" category to "Available-for-sale" category), the fair value at the date of reclassification becomes the new amortized cost at that date. Any gain or loss recognised in profit or loss or the available-for-sale reserve until the date of reclassification shall not be reversed. The new effective interest rate of the financial assets reclassified to "Loans and receivables" category

2. General accounting policies of the Group (Continued)

and "held to maturity" category is calculated based on the expected cash flows at the date of the reclassification.

If, as a result of a change in intention or ability, it is no longer appropriate to classify an investment as held to maturity, it shall be reclassified as available for sale and remeasured at fair value, and the difference between its carrying amount and fair value shall be recorded in the available for sale reserve.

2.13 Loans and advances to customers

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

i. financial assets which are classified as held for trading, and those designated upon initial recognition as at fair value through profit or loss;

ii. financial assets that the Group upon initial recognition designates as available for sale;

iii. financial assets for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans drown down by the Group are initially recognized at fair value (plus any transaction costs) and measured subsequently at amortized cost using the effective interest rate method. Interest on loans is included in the consolidated income statement and is reported as "Interest and similar income".

If there is objective evidence that the Group will not be in a position to receive all payments due, as defined by the contract of the loan, an impairment loss is recognised. The amount of the accumulated impairment loss is the difference between the carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate of the loan.

A receivable is subject to impairment when its carrying amount is greater than the expected recoverable amount. The term "receivable" includes loans and advances, letters of guarantee and letters of credit.

The Group assesses at each balance sheet date whether there is objective evidence that a loan or group of loans may be impaired. If such evidence exists, the recoverable amount of the loan or group of loans is estimated and an impairment loss is recognised. The amount of the loss is recognised in the Income Statement.

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

i. Significant financial difficulty of the issuer or the obligor.

ii. A breach of contract (i.e. default or delinquency in interest or principal payments).

iii. The Group granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider.

iv. It is becoming probable that the borrower will enter bankruptcy or financial reorganisation.

v. Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

   – Adverse changes in the payment status of borrowers in the group (i.e. increase in the number of delayed payments due to sector problems), or

   – National or local economic conditions that correlate with defaults on the assets in the group (i.e. increase in the unemployment rate for a geographical area of borrowers, decrease in the value of property placed as guarantee for the same geographical area, or unfavourable

2. General accounting policies of the Group (Continued)

changes in the operating conditions of a sector, which affect the borrowers of this specific group).

The Group first assesses whether objective evidence of impairment exists individually for loans that are individually significant and collectively for loans that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed loan, whether significant or not, it includes the loan in a group of loans with similar credit risk characteristics and collectively assesses them for impairment.

For the purpose of a collective evaluation of impairment, loans are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, and other relevant factors). These characteristics are relevant to the estimation of future cash flows for groups of loans by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

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

Estimates of changes in future cash flows for groups of loans reflect and are directionally consistent with changes in related data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses for the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group. When a loan is considered to be uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

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

Loans and customer receivables are derecognized when either the ability to receive cash flows has ceased or the Group has transferred substantially the risks and rewards to third parties.

Loans, whose terms have been renegotiated, are no longer considered to be past due and they are treated as performing loans for impairment test purposes.

2.14 Debt securities receivables

Debt securities receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

i. those that the Group classifies as trading portfolio and those that the entity upon initial recognition designates at fair value through profit or loss;

ii. those that the Group upon initial recognition designates as available for sale; and

iii. those for which the holder may not recover substantially all of its initial investment for reasons other than credit deterioration.

Debt securities receivables are measured at amortised cost and tested for impairment.

2. General accounting policies of the Group (Continued)

2.15 Intangible assets

2.15.1 Goodwill

For business combinations, goodwill is measured as the difference of (a) and (b) below:

(a) The aggregate of:

i. the consideration transferred measured at fair value and the amount of any non-controlling interest in the acquiree; and

ii. in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.

(b) The net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured at their acquisition date fair values.

In case of a bargain purchase, that is when the aggregate of the consideration as defined in (a) above is less than the fair value of the net identifiable assets as defined in (b) above, the Group recognizes the resulting gain in profit or loss on the acquisition date. Before however recognising a gain on a bargain purchase, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognises any additional assets or liabilities that are identified in that review.

Goodwill on business combinations is recognized at cost as an intangible asset and it is reviewed for impairment on each balance sheet date. Gains and losses on the loss of control of a subsidiary include the carrying amount of goodwill relating to the subsidiary sold.

For the purpose of impairment testing, goodwill acquired is allocated to each of the acquirer's cash generating units. When an impairment loss is recognized for a cash generating unit, this loss first reduces the carrying amount of goodwill allocated to this cash generating unit and subsequently reduces pro rata the carrying value of the assets in that cash generating unit. An impairment loss recognized for goodwill is not reversed in a subsequent period, according to the requirements of IAS 36. Cash generating units are presented at the business segment note.

2.15.2 Software

Costs associated with the acquisition of software programs, which will probably generate economic benefits to the Group for more than one year, are recognised as intangible assets. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

On the contrary, expenditure which enhances or extends the performance of computer software programmes beyond their original specifications or software upgrade expenses are added to the original cost of the software, as long as they can be measured reliably.

Computer software is amortised in most cases over a period of 3-4 years, except from software of core IT applications, for which the useful lives are examined on an individual basis. The useful lives of software are reviewed and adjusted, if appropriate, at each balance sheet date.

Software is reviewed for impairment loss whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Whenever the recoverable amount is less than the carrying amount, software is impaired to its recoverable amount.

2.15.3 Other intangible assets

An intangible asset is recognized when it is expected that future economic benefits will be realized from its use.

2. General accounting policies of the Group (Continued)

The cost of the intangible asset also includes every directly attributable cost which is required for the full implementation, production and asset's proper operation. Some examples of directly attributable costs are:

- The staff cost which is directly identified and attributed to a particular intangible asset,
- Payments to outside vendors and collaborators, which are attributed to the intangible asset.

Other intangible assets also include intangible assets recognised through the purchase price allocation exercise for acquisitions of subsidiaries. Other intangible assets can include customer relationships, branch network, trademarks.

Other intangible assets are amortised in a period of 5-10 years, depending on the useful life of each intangible asset. The useful lives of the intangible assets are reviewed and adjusted, if appropriate, at each financial year-end.

Other intangible assets are reviewed for impairment loss whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Whenever the recoverable amount is less than their carrying amount, other intangible assets are impaired to their recoverable amount.

2.16 Property, plant and equipment

The Group holds property, plant and equipment for use in the supply of services and/ or for administrative purposes. Property, plant and equipment includes: land, own-use buildings, leasehold improvements, furniture and other equipment, and transportation means.

Property, plant and equipment are measured at historical cost less accumulated depreciation and accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Property, plant and equipment are reviewed for impairment loss whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the value in use.

The Group applies IAS 23 "Borrowing costs", according to which borrowing costs are capitalised as part of the cost of a qualifying asset, as long as the requirements of IAS 23 are fulfilled. Specifically, the requirements of IAS 23 state that a) the borrowing costs can be directly attributable to the acquisition, construction or production of a qualifying asset and b) the borrowing costs would have been avoided if the expenditure on the qualifying asset had not been made.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they incur.

Land is not depreciated. Depreciation on own property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

– Computer hardware: 3-5 years

– Leasehold improvements: the shorter of useful life and lease term

– Furniture and other equipment: 5-10 years

– Means of transportation: 6-9 years

– Own-use Buildings: 25-50 years

2. General accounting policies of the Group (Continued)

Depreciation of an asset begins when it is available for use and ceases when the asset is derecognised. In the case where the asset is idle or retired from active use, it continues to be depreciated unless it has been fully depreciated.

The useful lives and the residual values of the tangible assets are reviewed and adjusted, if appropriate, at each financial year-end. Gains and losses on disposals are determined by comparing proceeds with carrying amount and they are included in the income statement.

2.17 Investment property

Property that is held for long-term rental yields or for capital appreciation or both and is not occupied by the Bank or Group subsidiaries is classified as investment property. Investment property includes freehold land, freehold buildings or parts of buildings, land and buildings held under operating lease as well as buildings held under finance lease.

A property interest that is held by a lessee under an operating lease may be classified and accounted for as investment property if and only if the definition of investment property is met.

Investment property is measured initially at cost including related transaction costs. After initial recognition, investment property is carried at fair value, as this is estimated by an independent valuer. 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 asset. If this information is not available, the following valuation methods are used:

i. Comparables method: According to this method, the value of the property to be evaluated is defined by comparing properties with similar characteristics.

ii. Residual value: This method is applied mainly for the estimation of the value of bare land which is to be developed or property requiring renovation. All the costs of achieving the completed development as well as the expected profit are deducted from an estimate of the value of that completed development to arrive at the value of the site. The result of this deduction is the residual value of the property. Finally, the present value derives by applying the discounting factor to the residual value of the estimated property.

iii. Depreciated replacement cost method: Valuations based on Depreciated Replacement Cost Method are based on an estimate of the market value for the existing use of the land and the current gross replacement (reproduction) costs of the improvements, less allowances for physical deterioration and all relevant forms of obsolescence and optimisation. The two estimates, that are the one for the market value of land and the one for the reproduction cost less allowances for physical deterioration, are summed-up, resulting in the current value of the property under valuation.

iv. Profit method: The purpose of this method is to estimate the annual income to which an investor is entitled and then capitalise it by using an appropriate unit rate.

These valuations are reviewed annually by external independent valuers. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land and buildings classified as investment property.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can

2. General accounting policies of the Group (Continued)

be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial year in which they are incurred.

Changes in fair value are recognized in the income statement.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its new cost.

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

Investment property held for sale without redevelopment is classified as non-current assets held for sale according to IFRS 5.

2.18 Assets held for sale and Discontinued operations

Assets held for sale include non current assets that: a) are available for immediate sale at their present condition, b) their sale is highly probable, c) the appropriate level of management must be committed to a plan to sell and d) their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The sale of these non current assets must be completed within 12 months from their categorization in the "Non current assets held for sale and discontinued operations".

Assets held for sale, according to IFRS 5 "Non current assets held for sale and discontinued operations", are valued at the lower of their carrying amount and fair value less costs to sell. Assets held for sale are not depreciated. Gains/losses from sale of these assets are recognized in the income statement.

A discontinued operation is a component of the Group, that either has been disposed of or is classified as held for sale, and

(a) represents a separate major line of business or geographical area of operations,

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or

(c) is a subsidiary acquired exclusively with a view to resale.

Assets and liabilities from discontinued operations are presented in a separate line in the consolidated balance sheet and they are not offset. Profit or loss after tax from discontinued operations is also presented in a separate line in the consolidated profit or loss statement. Comparatives in the consolidated profit or loss statement and in the consolidated cash flow statement are represented.

2.19 Inventories property

Inventories property includes land and buildings acquired by the Bank through auctions for the full or partial recovery of its receivables (if the requirements of IAS 40 are not fulfilled), as well as property owned by the Bank's subsidiaries that are sold in the normal course of business. These properties are accounted according to IAS 2 as inventory and are measured at the lower of cost and net realisable value. The cost of the property is determined using the weighted average cost method. The net realisable value is the estimated selling price, less any expenses necessary to conclude the sale.

2. General accounting policies of the Group (Continued)

2.20 Leases

A. The Group is the Lessee

Operating leases

Leases of fixed assets under which the lessor retains a significant portion of risks and rewards related to the leased assets, are recognised as operating leases. The lessee does not recognise the leased asset in its financial statements.

Lease payments under an operating lease, are recognised as an expense in the Income Statement of the lessee on a straight line basis over the lease term.

Finance leases

Leases where the Group has substantially all the risks and rewards related to the asset are recognised as finance leases.

In case that the Group is the lessee under a finance lease, fixed assets are recognised as assets (in the respective category) and the respective obligation for the lease payments to the lessor as a liability on the balance sheet.

At the inception of the lease, leased fixed assets are recognised on the balance sheet at amounts equal to the fair value of the leased property or, if lower, at the present value of the future lease payments. Leased assets are depreciated over their useful life, if it is longer than the lease term, only if it is expected that the ownership of the leased assets will pass to the Group at the end of the lease term. Finance lease payments are apportioned between the capital element and the finance charge. The capital element is used as a reduction of the outstanding liability and the finance charge at the income statement is allocated to periods during the lease term.

B. The Group is the Lessor

Operating leases

In case that the Group is the lessor under an operating lease, the leased assets are stated and carried in the financial statements like the other—non leased assets—of similar nature. Lease income of the Group is recognised over the term of the lease.

Finance leases

In case that the Group is the lessor under a finance lease, the present value of the lease payments is recognised as a receivable in the balance sheet. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Rental receipts reduce the balance of the lease receivable and the finance income is recognised on an accrual basis.

C. Sale and leaseback transactions

A sale and leaseback transaction involves the sale of an asset and the leasing back of the same asset. The accounting treatment of a sale and leaseback transaction depends upon the type of the lease involved.

If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount of the asset is not immediately recognized as income by the seller-lessee but is deferred and amortized over the lease term.

If a sale and leaseback transaction results in an operating lease and it is clear that the transaction is established at fair value, any profit or loss is recognized immediately. If the sale price of the asset is different than its fair value, any profit or loss is recognized immediately. Exceptions to the rule include cases where the future lease payments are differentiated. So, if the resulting loss is compensated by

2. General accounting policies of the Group (Continued)

lower future lease payments compared to market prices, then the loss is amortised over the period the asset is expected to be used. If the sale price is above fair value, the excess over fair value (profit) is deferred and amortized over the period the asset is expected to be used.

2.21 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than 3 months maturity from the date of acquisition such as: cash, cash and balances with Central Banks, trading securities and loans and advances to credit institutions. Mandatory reserves with the Central Bank are not available for everyday use by the Group; therefore they are not included in balances with less than three months maturity.

2.22 Provisions

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

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation as of the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. The amount of the provisions raised is reassessed at each reporting date.

2.23 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss that incurs because a specified debtor failed to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given by banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. Subsequent to initial recognition, the bank's liabilities under such guarantees are measured at the higher (a) of the initial measurement, less amortisation calculated to recognise in the income statement the accrued fee income earned on a straight line basis over the life of the guarantee and (b) the best estimate of the expenditure required to settle any financial obligation arising at the balance sheet date. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgment of management.

Any change in the liability relating to guarantees is taken to the income statement.

2.24 Employee benefits

A. Funded post employment benefit plans

The pension schemes adopted by the Group are funded through payments to insurance companies or social security foundations.

2. General accounting policies of the Group (Continued)

The Group's pension obligations relate both to defined contribution plans as well as defined benefit plans.

For defined contribution plans, the Group pays contributions to publicly administered pension insurance funds (i.e. Social Security Foundation) and insurance companies; therefore the Group has no legal or constructive obligation to pay further contributions if the fund or the insurance companies do not hold sufficient assets to pay all employees the related benefits. The regular employee's contributions constitute net periodic costs for the year in which they are due and as such they are included in line "staff costs" of the Income Statement.

Defined benefit plans are pension plans that define an amount of benefits to be provided, usually as a function of one or more factors such as years of service, age and compensation. The difference between the defined contribution plans and the defined benefit plans is that in the defined benefit plans the employer is liable for the payment of the agreed benefits to the employee in case that the insurance funds—organizations can not undertake this obligation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the obligation at the balance sheet date less the fair value of plan assets, together with adjustments for possible unrecognised actuarial gains or losses and past service costs that have not been recognised yet.

The defined benefit obligation is calculated annually by independent qualified actuaries using the projected unit credit method.

Actuarial gains and losses

The Group has elected to use the "10% corridor" approach for gains/losses and recognise the net cumulative actuarial gains/losses which exceeded the greater of a) 10% of the net present value of the defined benefit obligation and b) 10% of the fair value of the plan assets. Actuarial gains and losses are debited or credited at the income statement based on the average remaining working lives of employees.

Past service costs

The Group chose to debit/credit the past service cost in the income statement during the average period until the benefits become vested.

B. Non funded post employment benefit plans

The Group provides non funded benefit plans to its retirees. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period.

The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for funded defined benefit pension plans. These obligations are valued annually by independent qualified actuaries.

C. Share based compensation

The fair value of the employee services received in exchange for the grant of the options under a share option scheme is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Non market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. The impact of the revision of original

2. General accounting policies of the Group (Continued)

estimates is recognised, if any in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received from the issue of new shares, net of any directly attributable transaction cost, increase share capital and share premium when the options are exercised.

2.25 Income tax and deferred tax

Income tax payable on profits, based on the applicable tax rate, is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available to carry forward are recognised as an asset, when it is probable that future taxable profits will be available so that these tax losses can be utilised against.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their corresponding carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation of property, plant and equipment, recognition of commission according to the effective interest rate, securities' valuation differences between the accounting and the tax base, revaluation of certain assets (such as investment property), impairment of receivables and securities, and retirement benefit obligations according to IAS 19. Deferred tax assets are recognised for all deductible temporary differences when it is probable that the temporary difference will reverse in the foreseeable future and when also taxable profit will be available in the future against which the temporary difference can be utilised.

Deferred tax related to fair value remeasurement of a) available-for-sale investments and b) cash flow hedges, is credited or charged directly to equity and is subsequently recognised in the income statement together with the deferred gain or loss.

The Group offsets deferred tax assets against deferred tax liabilities only when the relevant requirements of IAS 12 are fulfilled. Specifically, deferred tax assets and deferred tax liabilities are offset if, and only if: (a) the Group's subsidiaries have a legally enforceable right to set off current tax assets against current tax liabilities; and (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

2.26 Debt securities in issue, hybrid capital and other borrowed funds

Liabilities from the issuance of the debt securities, hybrid capital and other borrowed funds are recognised initially, according to the requirements of IAS 39, at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. Group's borrowed funds include: euro medium term note (EMTN), euro commercial paper (ECP), ETBA bonds, securitisation of mortgage, consumer and corporate loans, hybrid capital, subordinated loans and other securities.

Preference shares, which carry a mandatory coupon or are redeemable on a specific date or at the option of the shareholder, are classified as financial liabilities and they are presented in other borrowed funds. The dividends on these preference shares are recognised in the income statement as interest expense on an amortised cost basis using the effective interest method.

The fair value of the liability portion of a convertible bond into shares is determined using a market interest rate for an equivalent non—convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

2. General accounting policies of the Group (Continued)

If the Group purchases its own debt, it is removed from the balance sheet, and the difference between the carrying amount of a liability and the consideration paid is included in net trading income.

2.27 Other financial liabilities measured at amortised cost

Other financial liabilities which are measured at fair value upon initial recognition are subsequently measured at amortised cost and include deposits from banks and from customers.

2.28 Securitisation

The Group securitises financial assets. These assets are purchased by special purpose entities which in turn issue bonds to investors. The Group consolidates special purpose entities when it controls these entities. In such case, the bonds issued under the securitisation of financial assets are presented on balance sheet at their unamortized cost.

2.29 Share capital

Incremental costs directly attributable to the issue of share capital decrease equity.

Dividends on ordinary shares are recognized as a liability during the period in which they are approved by the Annual General Meeting of the Bank's Shareholders. Interim dividends are recognised as a deduction in the Group's equity when approved by the Board of Directors.

The cost of acquisition of treasury shares (including any attributable incremental transaction costs) is presented as a reduction in equity, until the treasury shares are cancelled or disposed of. The gains or losses from the sale of treasury shares are charged directly in equity. The number of treasury shares held by the Group does not reduce the number of shares issued. Treasury shares held by the Bank are not eligible to receive cash dividends.

Non-voting preference shares, issued according to article 1 of Law 3723/2008 for the "Reinforcement of the Greek economy's liquidity", were recognized in equity based on the issuance terms and the requirements of IAS 32. The distribution of dividend to holders of preference shares is recognized as a liability when the dividend becomes payable.

2.30 Related party transactions

Related parties include: a) members of the Bank's Board of Directors and key management personnel of the Bank, b) members of the Board of Directors/key management personnel of the most important Group Subsidiaries, c) close family and financially dependants (husbands, wives, children etc) of the Board of Directors members and key management personnel and d) companies having transactions with the Group, when the total cumulative participating interest in them (of members of Board of Directors, key Management personnel and their dependants/close family) exceeds 20%. Transactions of similar nature are disclosed together. The terms of the Bank's transactions with related parties are those that prevail in arm's length transactions and according to the financial procedures and policies of the Bank.

2.31 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to Executive Committee which is the Group's operating decision-maker, allocates resources to and assesses the performance of the operating segments.

All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated at a consolidated level.

In accordance with IFRS 8, the Group operates in four main business segments: Retail Banking, Corporate Banking, Investment Banking, and Asset Management & Treasury. Income and expenses directly associated with each segment are included in determining business segment performance.

2. General accounting policies of the Group (Continued)

2.32 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the Statement of Financial Position when, and only when, the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.33 Comparatives and roundings

Where necessary, the comparative figures of the previous year's consolidated financial statements have been adjusted in order to become comparable to the corresponding figures of the current year (see note 50).

Any differences, between the amounts of the consolidated financial statements and the relevant amounts presented in the notes, are due to roundings.

3. Financial Risk Management

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

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

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

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

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

3.1 Credit risk

3.1.1 Credit Risk Management Strategies & Procedures

Banking activity and the Group's profits are closely related to credit risk undertaking. Credit risk is the risk of financial loss for the Group that results when the debtors are in no position to fulfil their contractual/transactional obligations. Credit risk is considered the most significant for the Group, and its efficient monitoring and management constitutes a top priority for Management. The Group's overall exposure to credit risk mainly results from approved credit limits and financing of corporate and retail credit, from the Group's investment and transaction activities, from trading activities in the derivative markets, as well as from the settlement of transactions. The level of risk associated with any credit exposure depends on various factors, including the general economic and market conditions

3. Financial Risk Management (Continued)

prevailing, the debtors' financial condition, the amount, the type, and duration of the exposure, as well as the presence of any collateral/security (guarantees).

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

The Bank's Board of Directors has assigned the executive responsibility for credit risk management to the Board's Group Risk Management Committee that monitors and evaluates the credit risk arising from the Group's everyday activities, while supervising the proper application and functionality of credit risk management policies. Under the Group Risk Management Division, a separate Credit Risk Management and Capital Management Division operates with its mission the continuous monitoring, measurement and control of the Group's credit risk exposures against enterprises, individuals, banks and central governments.

3.1.2 Credit risk measurement and reporting systems

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

a) Loans and advances

For credit risk measurement purposes involved in the Group's loans and advances at the counterparty level: (i) a customer's creditworthiness and the probability of defaulting on their contractual obligations is systematically assessed, (ii) the Group's exposure to credit risk arising from the claim is monitored and (iii) the Group's probability of potential recovery, in the event of the debtor defaulting on its obligations is estimated, based on existing collateral and security—guarantees provided. All these three credit risk measurement parameters are incorporated into the Group's day to day operations.

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

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

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

3. Financial Risk Management (Continued)

Corporate Credit

As far as Corporate Credit is concerned, the credit rating models applied depend on the type of operations and size of the enterprise. For large and medium-sized enterprises, Piraeus Bank Group applies the Moody's Risk Advisor borrower credit rating system, whereas for small to medium-sized enterprises an internally developed rating system as well as scoring systems are applied.

In accordance to the mandates of the new banking supervisory framework (Basel II), a separate credit rating model has been developed and is applied for specialized lending, which concerns the shipping portfolio (object finance).

As part of efforts to continuously improve its credit rating systems, the Group has optimised the existing Moody's Risk Advisor (MRA) borrower credit rating model for all Bank corporate customers that keep "C" category accounting books and have a turnover > € 2.5 million and has introduced a new credit rating model for all Bank corporate customers having "C" category accounting books and turnover <= € 2.5 million or without sales.

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

Retail Credit

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

In addition in Piraeus Bank, the credit bureau scoring model of Teiresias S.A. is used, that takes into account the total of borrower exposures in the Greek market. The usage of the particular model has improved the performance of the existing models. All credit scoring models are validated at least semiannually.

(ii) Monitoring credit risk exposure

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

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

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

b) Securities and other bills

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

c) Stress Testing Exercises

Stress testing exercises constitute an integral part of the Group's credit risk measurement and quantification, providing estimates of the size of financial losses that could occur under extreme financial/market conditions. Piraeus Bank Group systematically runs credit risk stress testing exercises

3. Financial Risk Management (Continued)

in accordance with the instructions issued by the Bank of Greece (Governor of the Bank of Greece's Decree 2577/9.3.2006), the results of which are presented to and evaluated by the Board Risk Management Committee.

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

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

3.1.3 Credit limits management and risk mitigation techniques

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

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

Credit limits of the Group are set with an effective duration of up to twelve months and they are subject to annual or more frequent review. The responsible approval authorities may, in special circumstances, set a shorter duration than twelve months. The outstanding balances along with their corresponding limits are monitored on a daily basis, and any limit excesses are timely reported and dealt with accordingly.

The following paragraphs describe further techniques applied by the Group for credit risk control and mitigation.

a) Collateral/Security

The Group obtains collateral/security against its credit to customers, minimizing thus the overall credit risk and ensuring the timely repayment of its debt claims.

To this end, the Group has established categories of acceptable collateral and has incorporated them in its credit policy, the main types being the following:

– Pledged deposits and cheques

3. Financial Risk Management (Continued)

– Bank letters of guarantee

– Greek government guarantees

– Guarantees by the Credit Guarantee Fund for Small and Very Small Enterprises (TEMPME)—Pledged financial instruments such as stocks, bonds, bills or mutual fund shares

– Mortgages on real estate property

– Ship mortgages

– Receivables

The collateral/security associated with a credit is initially evaluated during the credit approval process, based on their current or fair value, and reevaluated at regular intervals. In general, no collateral/security is required against exposures to financial institutions, unless it has to do with resale agreements (reverse repos) or other similar bond activities.

b) Derivatives

The Group systematically monitors and controls the exposure and duration of its net open positions in the derivative markets. On any given moment, the overall credit risk exposure of the Group to derivative products corresponds to the positive market value of its open positions, add any potential future exposure. Credit exposures arising from derivatives transactions are part of the overall credit limits set for any counterparty and are taken into consideration during the approval procedure. Usually, no guarantees or securities are taken against exposures in derivative products, except when the Group demands the application of a safety margin from a counterparty.

Piraeus Bank Group sets and systematically monitors for every counterparty, daily settlement limits.

c) Netting arrangements

In cases where there is the legal right and the expressed intention to net the amounts owed to the Group by a counterparty, the Group is entitled to proceed in netting a claim along with an associated obligation.

d) Credit—related commitments

The Group uses credit-related commitments to provide customers with funds as required. These credit-related commitments entail the same risk as the Group's loans and advances and mainly concern letters of credit and letters of guarantee. The remaining duration of credit-related commitments is systematically analyzed and monitored, since in general, commitments with longer duration entail greater risk compared to those with shorter duration.

3.1.4 Impairment and provisioning policy

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

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

3. Financial Risk Management (Continued)

present value of the estimated future cash flows discounted at the original effective interest rate of the loan.

The Group, according to its IAS 39, considers the criteria stated in section 2.13 as reliable and objective evidence that a loan or group of loans has been impaired.

The estimation concerning the existence of impairment and any resulting provisioning is conducted individually at loan level (for both retail and corporate portfolios) for those considered by the Group as significant, and collectively on a loan group level for those considered less significant. The estimation of impairment is conducted collectively for claims (portfolios of claims) with common risk characteristics, which are not considered significant on an individual basis. Also collective assessment includes loans that have been tested individually for impairment but no impairment has occurred.

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

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

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

Write-offs

The Group, by resolution of the Board of Directors (or its authorised committees) of the Bank or its subsidiaries, proceeds with write-offs of non performing loans and bad debts against their respective provisions, after all potential collection processes have been exhausted and, thus, it is highly expected that the aforementioned will not be collected. The Group continues monitoring loans written off in case that they may become collectable.

3.1.5 Loans and advances

Loans and advances to customers and to credit institutions are summarised as follows:

	31 December 2011			31 December 2010		
	Loans and advances to customers	**Loans and advances to credit institutions**	**Reverse repos with customers**	**Loans and advances to customers**	**Loans and advances to credit institutions**	**Reverse repos with customers**
Loans neither past due or impaired	21,990,548	316,131	57,395	27,297,962	1,476,856	955,401
Past due but not impaired	8,742,311	6	—	9,144,375	—	—
Impaired	6,325,160	—	—	2,628,816	—	—
Debt securities-receivables	3,324,665	—	—	2,512,337	—	—
Gross	**40,382,684**	**316,136**	**57,395**	**41,583,490**	**1,476,856**	**955,401**
Less: Allowance for impairment	(4,748,888)	—	—	(1,433,077)	—	—
Net	**35,633,795**	**316,136**	**57,395**	**40,150,412**	**1,476,856**	**955,401**

Related to the debt securities—receivables rating is note 3.1.6.

3. Financial Risk Management (Continued)

a) Loans neither past due or impaired:

Loans and advances to customers	Loans to individuals			Loans to corporate entities		Total loans and advances to customers
	Credit cards	Consumer/ personal loans	Mortgages	Small/ medium entities	Large corporate entities	
31 December 2011						
Grades						
Standard monitoring	457,564	1,757,700	4,389,183	5,754,608	4,418,642	16,777,698
Special monitoring	—	—	—	3,838,494	1,374,356	5,212,850
Total	**457,564**	**1,757,700**	**4,389,183**	**9,593,102**	**5,792,998**	**21,990,548**

Loans and advances to customers	Loans to individuals			Loans to corporate entities		Total loans and advances to customers
	Credit cards	Consumer/ personal loans	Mortgages	Small/ medium entities	Large corporate entities	
31 December 2010						
Grades						
Standard monitoring	530,432	2,283,122	4,869,488	8,325,459	5,990,919	21,999,419
Special monitoring	—	—	—	3,416,668	1,881,876	5,298,544
Total	**530,432**	**2,283,122**	**4,869,488**	**11,742,127**	**7,872,795**	**27,297,963**

	31 December 2011	31 December 2010
Loans and advances to credit institutions		
Grades		
Investment grade	—	1,081,434
Standard monitoring	185,460	389,847
Special monitoring	130,671	5,575
Total	**316,131**	**1,476,856**

	31 December 2011	31 December 2010
Reverse repos with customers		
Grades		
Standard monitoring	57,395	955,401
Total	**57,395**	**955,401**

b) Loans and advances past due but not impaired:

	Loans to individuals			Loans to corporate entities		
	Credit cards	Consumer/ personal loans	Mortgages	Small/ medium entities	Large corporate entities	Total
31 December 2011						
Past due 1-90 days	**59,101**	**574,438**	**1,415,246**	**3,353,996**	**1,373,802**	**6,776,583**
Past due 91-180 days	**26,951**	**101,819**	**244,482**	**203,155**	**22,483**	**598,891**
Past due >180 days	**—**	**—**	**364,861**	**860,564**	**141,411**	**1,366,836**
Total	**86,053**	**676,257**	**2,024,589**	**4,417,715**	**1,537,697**	**8,742,311**
Fair value of collateral	—	167,263	1,884,410	2,698,672	1,030,580	5,780,925

The fair value of physical collaterals reflects the liquidation value of these collaterals, after the application of the haircuts provided in the Group credit policy.

3. Financial Risk Management (Continued)

In the case of the mortgage loans of the Bank, it should be noted that the reported fair value of collateral takes into account only properties on which the Bank holds a first line mortgage. In cases that the property value exceeds the remaining balance of the loan the reported fair value of collateral takes into account the property value up to the amount of the remaining balance of the loan.

	Loans to individuals			Loans to corporate entities		Total loans and advances to customers
	Credit cards	Consumer/ personal loans	Mortgages	Small/ medium entities	Large corporate entities	
31 December 2010						
Past due 1-90 days	**105,888**	**736,265**	**1,459,531**	**4,558,471**	**1,167,238**	**8,027,392**
Past due 91-180 days	**27,818**	**99,897**	**145,686**	**128,133**	**7,965**	**409,499**
Past due >180 days	**—**	**—**	**184,819**	**459,185**	**63,479**	**707,484**
Total	**133,707**	**836,162**	**1,790,036**	**5,145,789**	**1,238,682**	**9,144,376**
Fair value of collateral	—	166,588	1,678,923	3,069,209	721,777	5,636,497

c) Loans and advances impaired:

Loans and advances to customers	Loans to individuals			Loans to corporate entities		Total loans and advances to customers
	Credit cards	Consumer/ personal loans	Mortgages	Small/ medium entities	Large corporate entities	
31 December 2011						
Impaired loans	**207,313**	**738,943**	**394,861**	**3,609,997**	**1,374,046**	**6,325,160**
Fair value of collateral	**—**	**83,309**	**308,919**	**1,254,728**	**560,472**	**2,207,428**

Loans and advances to customers	Loans to individuals			Loans to corporate entities		Total loans and advances to customers
	Credit cards	Consumer/ personal loans	Mortgages	Small/ medium entities	Large corporate entities	
31 December 2010						
Impaired loans	**180,736**	**531,610**	**250,108**	**1,233,514**	**432,849**	**2,628,817**
Fair value of collateral	**—**	**51,543**	**195,193**	**632,014**	**181,890**	**1,060,640**

3.1.6 Debt securities and other eligible bills

The table below presents an analysis of trading portfolio, debt securities—receivables, investment securities and financial instruments at fair value through profit or loss by rating as at 31 December 2011, based on Standard & Poor's ratings or their equivalent:

31 December 2011	Trading securities	Debt securities—receivables	Financial instruments at fair value through Profit or Loss	Investment securities	Total
AAA	—	—	—	102,116	102,116
AA− to AA+	—	—	—	107,270	107,270
A− to A+	—	—	—	9,793	9,793
BBB− to BBB+	8,916	—	—	22,863	31,780
BB− to BB+	287,546	198,024	—	67,603	553,174
Lower than BB-	125,106	1,416,974	4,043	3,299,128	4,845,251
Unrated	32,314	13,178	—	98,399	143,892
Total	**453,882**	**1,628,176**	**4,043**	**3,707,173**	**5,793,275**

3. Financial Risk Management (Continued)

3.1.7 Repossessed collateral

During the year 2011, the Group obtained assets after taking possession of collateral held as security for its receivables:

Nature of assets	2011	2010
Property	82,204	45,787
	82,204	45,787

Assets acquired from an auction process are held by the Group temporarily for liquidation, for in full or partial repayment of related loan from customers.

3.1.8 Concentration of risks of financial assets with credit risk exposure

a) Geographical sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by geographical region as at 31 December 2011. The credit risk exposure is based on the country of domicile of the Group's companies.

	Greece	Rest of Europe	USA	Total
Loans and advances to credit institutions	139,013	177,046	77	316,136
Derivative financial instruments—assets	375,795	3,442	—	379,238
Bonds & Treasury Bills of trading portfolio	125,106	328,776	—	453,882
Bonds at fair value through profit or loss	4,043	—	—	4,043
Loans and advances to customers (net of provisions)	26,501,702	7,082,231	421,686	34,005,619
Loans to individuals	8,122,350	1,726,826	24,031	9,873,207
—Mortgages	5,955,794	703,493	23,308	6,682,595
—Consumer—personal loans	1,606,807	985,385	723	2,592,915
—Credit cards	559,749	37,948	—	597,697
Loans to corporate entities	18,379,352	5,355,405	397,655	24,132,412
Bonds & Treasury Bills of investment portfolio	3,317,671	349,365	40,136	3,707,173
Debt securities—receivables	1,425,318	202,858	—	1,628,176
Revesre repos with customers	57,127	268	—	57,395
Other assets	887,522	89,872	11,337	988,731
As at 31 December 2011	**32,833,298**	**8,233,860**	**473,236**	**41,540,394**
As at 31 December 2010	**39,669,252**	**10,925,313**	**457,700**	**51,052,265**

3. Financial Risk Management (Continued)

b) Industry sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by industrial sector as at 31 December 2011. The Group has allocated exposures to sectors based on the industry sector of our counterparties.

	Financial institutions	Manufactoring/ Handicraft	Construction	Real Estate Companies	Project Finance	Wholesale and retail trade	Public sector	Shipping Companies	Hotels	Agriculture	Energy, Transports & Logistics	Other industries	Individuals	Total
Loans and advances to credit institutions	316,136												—	**316,136**
Derivative financial instruments—assets	234,553	1,081	—	2,857	79,807	387	31,198	21,798	—	—	—	7,558	—	**379,238**
Bonds of Trading portfolio	32,371	—	—	—	—	—	421,511	—	—	—	—	—	—	**453,882**
Bonds at fair value through profit or loss	—	—	—	—	—	—	4,043	—	—	—	—	—	—	**4,043**
Loans and advances to customers (net of provisions)	590,213	4,005,314	2,832,019	2,336,462	1,879,703	3,617,573	288,389	1,394,060	1,553,135	458,068	1,408,257	3,769,220	9,873,207	**34,005,619**
Loans to individuals (retail customers)													9,873,207	**9,873,207**
— Mortgages													6,682,595	**6,682,595**
— Consumer—personal loans													2,592,915	**2,592,915**
— Credit cards													597,697	**597,697**
Loans to corporate entities	590,213	4,005,314	2,832,019	2,336,462	1,879,703	3,617,573	288,389	1,394,060	1,553,135	458,068	1,408,257	3,769,220	—	**24,132,412**
Debt securities-receivables	13,178	4,834	—	—	—	—	1,610,164	—	—	—	—	—	—	**1,628,176**
Reverse repos with customers	96	—	—	—	—	—	24,796		—	—	—	2,407	30,096	**57,395**
Bonds of Investment portfolio	128,863	—	—	21	—	—	3,547,452	—	—	—	—	30,836		**3,707,173**
Other assets	11,422	45,636	17,296	221	—	64,495	305,566	39	149	41	2,861	446,996	94,009	**988,731**
Balance at 31st December 2011	**1,326,831**	**4,056,864**	**2,849,315**	**2,339,561**	**1,959,510**	**3,682,455**	**6,233,120**	**1,415,897**	**1,553,285**	**458,109**	**1,411,118**	**4,257,017**	**9,997,313**	**41,540,394**
Balance at 31st December 2010	**2,815,782**	**4,733,655**	**2,998,940**	**2,182,826**	**1,952,269**	**4,216,488**	**10,368,370**	**1,412,303**	**1,684,535**	**471,508**	**1,554,749**	**5,120,198**	**11,540,641**	**51,052,263**

3. Financial Risk Management (Continued)

3.2 Market risk

Market risk is the risk of loss due to adverse changes in the level or the volatility of market prices and rates, including interest rates, equity prices and foreign exchange rates.

The Board of the Directors of the bank has approved a market risk management policy that applies to the Group and outlines the basic definitions of market risk management and defines the roles and responsibilities of the units and executives involved.

Piraeus Bank Group applies up to date, generally accepted techniques for the measurement of market risk. Specifically, sensitivity indicators such as PV100 (adverse impact to the net present value of all balance sheet items for a 100 basis points parallel move in the yield curve for all currencies) as well as Value-at-Risk (VaR incorporates all risk factors) are calculated.

For every activity that bears market risk, Piraeus Bank Group has assigned adequate market risk limits, and these are monitored systematically. Market risk management is not confined to trading book activities, but covers the balance sheet as a whole.

The Value-at-Risk measure is an estimate of the potential loss in the net present value of a portfolio, over a specified period and with a specified confidence level. Piraeus Bank Group implements the following three methods for the calculation of Value at Risk:

a) the parametric Value-at-Risk methodology, assuming a one-day holding period and utilizing a 99% confidence level, with historic observations of two years and equal weighting between observations,

b) the parametric Value-at-Risk methodology, using market data that give more weight to recent observations (exponentially weighted moving average volatilities and correlations) and

c) the parametric Value-at-Risk methodology using volatilities and correlations gathered during a crisis period (Stressed Value-at-Risk), while the estimate is assessed on current positions.

As the Value-at-Risk methodology does not evaluate risk attributable to extraordinary financial or other occurrences, the risk assessment process includes a number of stress scenarios. The stress scenarios are based on the primary risk factors that can change the value of the balance sheet's figures.

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

The Value-at-Risk estimate for the Group's Trading Book at 31/12/2011, was € 8.81 million. This estimate consists of € 8.06 million for interest rate risk, € 0.04 million for equity risk, € 2.41 million for foreign exchange risk and € 0.21 million for commodities risk. There is a reduction in the Value-at-Risk estimate of € 1.91 million due to the diversification effect in the portfolio. During 2011 there was an increase in the Group's Trading Book VaR due to an increase in the volatility of Greek Government interest rates.

The Value-at-Risk estimate for the Group's Trading Book at 31/12/2010, was € 4.05 million. This estimate consists of € 0.86 million for interest rate risk, € 3.08 million for equity risk, € 2.68 million for foreign exchange risk and € 0.16 million for commodities risk. There is a reduction in the Value-at-Risk estimate of € 2.73 million due to the diversification effect in the portfolio.

The above are summarized as follows (amounts in million euro):

million €	Piraeus Bank Trading Book Group Total VaR	VaR—Interest Rate Risk	VaR—Equity Risk	VaR—Foreign Exchange Risk	VaR—Commodities Risk	Diversification Effect
2011	8.81	8.06	0.04	2.41	0.21	−1.91
2010	4.05	0.86	3.08	2.68	0.16	−2.73

3. Financial Risk Management (Continued)

The Value at Risk estimate for the available for sale portfolio was € 22.54 million on 31/12/2011 against a figure of € 15.53 million on 31/12/2010.

3.3 Currency risk

The Group is exposed to fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Management sets limits on the level of exposure by currency, which are monitored daily. The table below summarises the Group's exposure to foreign currency exchange rate risk as at 31/12/2011. The table includes, the Group's assets and liabilities at carrying amounts categorised by currency and the positions in derivatives which reduce significantly the undertaken risk:

At 31 December 2011	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Foreign exchange risk of assets							
Cash and balances with central Banks	1,913,308	228,624	9,303	2,414	7,597	391,473	2,552,717
Loans and advances to credit institutions	212,177	27,170	3,141	0	0	73,649	316,136
Derivative financial instruments—assets	349,382	26,553	—	—	—	3,302	379,238
Trading securities	193,874	4,874	—	—	—	265,565	464,313
Debt securities—receivables	1,623,343	4,834	—	—	—	—	1,628,176
Financial instruments at fair value through Profit or Loss	5,879	—	—	4,043	—	—	9,922
Reverse repos with customers	57,127	—	—	—	—	268	57,395
Loans and advances to customers (net of provisions)	27,793,960	2,609,186	111,144	180,265	2,623,360	687,705	34,005,619
Investment securities	3,834,693	63,426	—	—	—	96,795	3,994,914
Other assets	910,825	10,196	423	11,006	2,345	53,936	988,731
Total financial assets	**36,894,569**	**2,974,862**	**124,011**	**197,728**	**2,633,301**	**1,572,693**	**44,397,163**
Foreign exchange risk of liabilities							
Due to credit institutions	24,676,747	591,306	9,955	—	55	135,535	25,413,598
Liabilities at fair value through profit or loss	18,475	—	—	—	—	—	18,475
Derivative financial instruments—liabilities	317,318	60,691	—	3,438	—	8,281	389,728
Due to customers	17,676,196	2,156,094	105,427	395,132	18,520	1,444,307	21,795,677
Debt securities in issue	1,268,045	(1)	—	—	—	—	1,268,045
Hybrid capital and other borrowed funds	494,984	3,984	—	—	—	—	498,968
Other liabilities	568,304	12,847	1,168	1,319	1,550	25,864	611,052
Total financial liabilities	**45,020,070**	**2,824,922**	**116,550**	**399,889**	**20,125**	**1,613,987**	**49,995,542**
Net on-balance sheet financial position	**(8,125,501)**	**149,940**	**7,461**	**(202,161)**	**2,613,176**	**(41,294)**	**(5,598,379)**
Net position of non financial assets—liabilities	**4,898,841**	**194,828**	**(2,074)**	**3,438**	**(4)**	**293,744**	**5,388,774**
Off balance sheet items	**2,928,880**	**(656,645)**	**(7,804)**	**193,238**	**(2,597,720)**	**85,575**	**(54,475)**
Currency position	**(297,780)**	**(311,876)**	**(2,417)**	**(5,485)**	**15,452**	**338,025**	**(264,080)**
At 31 December 2010							
Total financial assets	45,249,187	3,573,430	117,886	196,894	2,784,175	2,588,416	54,509,988
Total financial liabiities	46,729,128	3,233,861	206,594	722,439	36,269	2,902,465	53,830,757
Net on-balance sheet financial position	**(1,479,942)**	**339,570**	**(88,709)**	**(525,545)**	**2,747,906**	**(314,049)**	**679,231**
Net position of non financial assets—liabilities	**(883,164)**	**42,347**	**(4,231)**	**3,754**	**301**	**309,348**	**(531,645)**
Off balance sheet items	**2,291,837**	**(625,781)**	**86,902**	**541,934**	**(2,712,290)**	**304,992**	**(112,408)**
Currency position	**(71,270)**	**(243,864)**	**(6,039)**	**20,142**	**35,917**	**300,291**	**35,177**

3.4 Interest rate risk

Interest rate risk is the risk of a negative impact on the Group's financial condition due to its exposure to interest rates. Accepting this risk is a normal part of banking and can be an important source of profitability and shareholder value.

Changes in interest rates affect the Group's earnings by changing its net interest income and the level of other interest-sensitive income and operating expenses. Changes in interest rates also affect the underlying value of the Group's assets and liabilities because the present value of future cash flows

3. Financial Risk Management (Continued)

(and in some cases, the cash flows themselves) changes when interest rates change. Accordingly, an effective risk management process that assesses, monitors and help maintain interest rate risk within prudent levels (through effective hedging, where relevant), is essential to the safety and soundness of the Group.

Piraeus Bank Group applies an Interest Rate Risk Management Policy, which provides for a variety of valuation techniques that rely on maturity and repricing schedules (Interest Rate Gap analysis).

Interest rate gap is a maturity/repricing schedule that distributes interest-sensitive assets and liabilities into a certain number of predefined time bands, according to their maturity (fixed-rate instruments) or time remaining to their next repricing (floating-rate instruments).

The table below summarises the Group's exposure to interest rate risk according to an Interest Rate Gap Analysis. Those assets and liabilities lacking actual maturities (e.g. open accounts) or definitive repricing intervals (e.g. sight deposits or savings accounts) are assigned to the time band up to one month.

In the table, assets and liabilities in foreign currency are converted into EUR using the FX rates as of 31/12/2011.

At 31 December 2011	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non interest bearing	Total
Assets							
Cash and balances with central banks	2,552,697	13	7	—	—	—	2,552,717
Loans and advances to credit institutions	294,640	6,179	256	2,300	12,760	—	316,136
Trading securities	13,261	36,947	58,312	299,678	45,685	10,431	464,313
Debt securities—receivables	—	—	245,191	456,594	926,391	—	1,628,176
Reverse repos with customers	47,776	8,877	742	—	—	—	57,395
Financial instruments at fair value through Profit or Loss	—	—	341	2,560	1,142	5,879	9,922
Loans and advances to customers (net of provisions)	21,826,352	7,512,604	2,992,182	819,004	855,477	—	34,005,619
Investment securities	517,210	609,764	1,087,845	892,133	600,220	287,741	3,994,914
Other assets	6,493	1,788	57,412	827	4,177	918,034	988,731
Total financial assets	**25,258,429**	**8,176,171**	**4,442,289**	**2,473,096**	**2,445,853**	**1,222,086**	**44,017,925**
Liabilities							
Due to credit institutions	24,373,968	384,852	84,471	570,305	1	—	25,413,598
Due to customers	14,007,216	4,640,207	2,428,218	465,175	3,807	251,054	21,795,677
Liabilities at fair value through profit or loss	3,317	7,081	7,989	88	—	—	18,475
Debt securities in issue	278,370	613,483	355,660	20,516	16	—	1,268,045
Hybrid capital and other borrowed funds	494,984	3,984	—	—	—	—	498,968
Other liabilities	8,520	21,759	19,131	4,451	270,314	324,599	648,774
Total financial liabilities	**39,166,375**	**5,671,366**	**2,895,469**	**1,060,535**	**274,138**	**575,653**	**49,643,536**
Net notional amount of derivative financial instruments	**132,225**	**705,460**	**(119,115)**	**(477,998)**	**(264,334)**	**—**	**(23,761)**
Total interest rate gap	**(13,775,721)**	**3,210,266**	**1,427,705**	**934,563**	**1,907,382**	**646,433**	**(5,649,372)**

3. Financial Risk Management (Continued)

The new securities and their characteristics, that will be received under the programme for the restructuring of the Greek debt (PSI), have been included In the above table for the year ended 31/12/2011 instead of the old securities. The following table includes figures of the comparative year.

At 31 December 2010	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Non interest bearing	Total
Total financial assets	25,974,181	11,831,919	8,330,409	4,515,139	1,953,153	1,767,209	54,372,010
Total financial liabiities	39,713,586	7,715,092	3,658,467	1,429,594	264,911	938,381	53,720,030
Net notional amount of derivative financial instruments	(104,935)	1,758,682	(38,775)	(424,087)	(1,295,248)	—	(104,364)
Total interest rate gap	**(13,844,340)**	**5,875,509**	**4,633,167**	**2,661,459**	**392,994**	**828,828**	**547,618**

In addition, the Group calculates the change in the net present value of balance-sheet items in response to a change in interest rates, assuming parallel yield curve shifts (PV100).

Interest rate gap analysis enables the evaluation of interest rate risk using the 'Earnings-at-Risk' measure, which denotes the negative effect on the expected annual interest income, as a result of a parallel shift in interest rates for all currencies considered.

For Earnings-at-Risk and PV100 the Group has assigned adequate limits, which are monitored on a regular basis.

The Bank also assesses on a regular basis, the impact of a change in the credit spread, for issuers of government and corporate debt, for the group's bond portfolio.

The Group also evaluates potential financial losses under stressful market conditions. Possible stress scenarios include abrupt changes in the level of interest rates, changes in the slope and the shape of the yield curves, or changes in the volatility of market rates.

3.5 Liquidity risk

The Group acknowledges that, in order to be able to meet liabilities promptly and without losses, it is essential to effectively manage liquidity risk.

Liquidity risk is defined as the risk of a financial institution that will not be able to meet its obligations as they become due, because of lack of the required liquidity.

A liquidity Risk Management Policy has been applied in all Group units. This policy is adjusted to internationally applied practices and regulatory environments and adapted to the specific activities and organisational structure of Piraeus Bank Group.

The policy specifies the principal liquidity risk assessment definitions and methods, defines the roles and responsibilities of the units and staff involved and sets out the guidelines for liquidity crisis management. The policy is focused on the liquidity needs expected to emerge, in a week's or month's time, on the basis of hypothetical liquidity crisis scenarios.

Furthermore, the Policy defines a contingency funding plan to be used in the case of a liquidity crisis. Such a crisis can take place either due to a Piraeus Bank Group specific event or a general market event. Triggers and warning signals serve as indicators of when the contingency plan should be put into operation.

In addition, Piraeus Bank calculates and monitors the liquidity ratios, "Liquid Assets/Total Liabilities" and "Net Current Assets/Total Liabilities", as they are defined in the Bank of Greece Governor's Act 2614/07.04.2009, which refers to the supervision framework of banks' liquidity adequacy by the Bank of Greece.

The Liquidity ratios are calculated on a solo, as well as, on a consolidated basis. Consolidation includes only the credit institutions of the Group.

3. Financial Risk Management (Continued)

The levels of these particular ratios are daily communicated to the responsible business units, and comments as well as respective assessments of the Group Market & Operational Risk Management Division, are included in the reporting package to the members of Asset—Liability Committee (ALCO). The levels of the ratios are also disclosed, on a monthly basis, to the Financial Services Authority (F.S.A) of Great Britain.

Means as the maintenance of liquid securities portfolios, the expansion of diversified core deposits (i.e saving accounts) and competitive term deposits, were taken in order to mitigate liquidity risk. Finally, in accordance with the provisions of law 3723/2008 "providing enhanced liquidity to the economy to address the consequences of the international financial crisis", the Bank has received Guarantees (Pillar II) and Special Bonds (Pillar III) from the Greek State, that are eligible for ECB refinancing operations, of € 10,322 million. In addition, Piraeus Bank issued a 3-year covered bond in the amount of € 1,250 million.

In general, liquidity management is a matter of balancing cash flows within forward rolling time bands, so that under normal conditions, the Group is comfortably placed to meet all its payment obligations as they fall due. For this purpose the Group uses the liquidity gap analysis which provides an overview of the expected cash flows, arising from all balance sheet items. The cash flows are assigned and aggregated into timebands according to when they occur.

The assumptions made are that scheduled payments to the Group are honoured in full and on time and in addition, all contractual payments are discharged in full, e.g. depositors will withdraw their money rather than roll it over on maturity. Those assets and liabilities lacking actual maturities (e.g. open accounts, sight deposits, or savings accounts) are assigned to the time band up to one month.

a) Non derivative cash flows

The table below presents, at the balance sheet date, the cash flows payable by the Group under non-derivative financial liabilities by the remaining contractual maturities. The amounts mentioned are the contractual undiscounted cash flows. The Group manages liquidity risk according to the estimated undiscounted cash flows. Liabilities in foreign currency have been translated into euro based on the current foreign currency exchange rates.

At 31 December 2011	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities liquidity						
Due to credit institutions	24,436,637	287,497	29,669	734,788	24,296	25,512,886
Due to customers	14,276,140	4,647,044	2,565,235	506,083	5,751	22,000,253
Liabilities at fair value through profit or loss	3,317	7,081	6,929	88	1,060	18,475
Debt securities in issue	3,869	47,117	401,166	861,682	16	1,313,851
Other borrowed funds	3,047	—	13,573	380,116	—	396,735
Hybrid capital	1,183	—	3,819	167,258	—	172,260
Other liabilities	94,429	57,118	294,919	37,073	241,722	725,261
Total liabilities (contractual maturity dates)	**38,818,622**	**5,045,857**	**3,315,310**	**2,687,088**	**272,845**	**50,139,722**
Total assets (expected maturity dates)	**10,036,422**	**3,380,373**	**7,684,134**	**14,314,482**	**19,177,450**	**54,592,861**

3. Financial Risk Management (Continued)

At 31 December 2010	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Liabilities liquidity						
Due to credit institutions	19,065,100	530,844	229,844	128,214	32,204	19,986,207
Due to customers	19,992,266	5,850,874	2,852,635	535,924	7,880	29,239,580
Liabilities at fair value through profit or loss	80,129	15,627	12,171	226,082	7,703	341,712
Debt securities in issue	50,278	26,212	1,122,773	1,653,906	—	2,853,170
Other borrowed funds	1,419	—	9,088	44,576	358,446	413,530
Hybrid capital	930	—	3,279	176,745	—	180,954
Other liabilities	223,677	47,671	54,340	49,836	653,804	1,029,328
Total liabilities (contractual maturity dates)	**39,413,801**	**6,471,229**	**4,284,131**	**2,815,282**	**1,060,038**	**54,044,481**
Total assets (expected maturity dates)	**10,665,889**	**3,736,072**	**8,070,648**	**22,047,776**	**25,647,230**	**70,167,616**

"The new securities and their characteristics, that will be received under the programme for the restructuring of the Greek debt (PSI), have been included in the above table for the year ended 31/12/2011 instead of the old securities".

b) Derivative cash flows

bi) Derivatives settled on a net basis

The Group's derivatives that will be settled on a net basis include: a) foreign exchange derivatives: over-the-counter (OTC) currency options, currency futures, exchange traded currency options; and b) interest rate derivatives: interest rate swaps, forward rate agreements, OTC interest rate options, other interest rate contracts, exchange traded interest rate futures and exchange traded interest rate options.

The table below analyses, at the balance sheet date, the contractual undiscounted cash flows of derivative financial assets and liabilities of the Group that will be settled on a net basis, based on their remaining period according to the contract.

At 31 December 2011	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Derivatives held for trading						
—Foreign exchange derivatives	2	(0)	—	—	—	2
—Interest rate derivatives	571	9,883	(28,814)	(49,001)	13,485	(53,877)
Derivatives held for fair value hedging						
—Interest rate derivatives	—	—	(1,750)	(8,346)	(2,722)	(12,818)
Total	**573**	**9,883**	**(30,565)**	**(57,347)**	**10,763**	**(66,693)**

At 31 December 2010	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Derivatives held for trading						
—Foreign exchange derivatives	120	—	—	—	—	120
—Interest rate derivatives	(8,606)	6,684	(15,270)	(11,956)	14,804	(14,344)
Derivatives held for fair value hedging						
—Interest rate derivatives	417	7,009	(25,741)	(30,776)	(2,258)	(51,349)
Total	**(8,068)**	**13,693**	**(41,011)**	**(42,733)**	**12,546**	**(65,572)**

3. Financial Risk Management (Continued)

bii) Derivatives settled on a gross basis

The Group's derivatives that are settled on a gross basis include: a) foreign exchange derivatives: currency forward, currency swaps, b) interest rate derivatives: cross currency interest rate swaps and c) options.

The table below analyses, at balance sheet date, the derivative financial instruments (both derivative assets and derivative liabilities) that will be settled on a gross basis based on their remaining period according to the contract. The total pay leg (outflow) and receive leg (inflow) and for each type of derivative and for each maturity group are disclosed at their contractual undiscounted amounts.

At 31 December 2011	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Derivatives held for trading						
—Foreign exchange derivatives						
Outflow	(5,807,498)	(60,098)	(27,567)	(840,825)	—	(6,735,989)
Inflow	5,797,820	57,815	33,245	801,458	—	6,690,338

At 31 December 2010	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Derivatives held for trading						
—Foreign exchange derivatives						
Outflow	(4,677,028)	(1,208,733)	(228,125)	(11,061)	—	(6,124,948)
Inflow	4,585,315	1,197,264	223,179	10,820	—	6,016,578

On 31 December 2011, Piraeus Bank Group's total exposure in the Eurosystem—European Central Bank (ECB) and Bank of Greece (BoG)—amounted to € 22 billion (2010: € 17.2 billion). The observed increase during 2011, stemming from the refinancing from ECB and BoG against acceptable collateral, is due to the decreased overall liquidity within the Greek banking system. The latter was attributed to deposits' outflows and the non-renewed funding from global markets (interbank and wholesale money markets) which were affected by the multi-notch downgrades in the country's ratings by the international credit agencies.

3.6 Fair values of financial assets and liabilities

a) Financial assets and liabilities not held at fair value:

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

	Carrying Value		Fair Value	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Financial assets				
Loans and advances to credit institutions	316,136	1,476,856	316,136	1,476,856
Loans and advances to customers (net of provisions)	34,005,619	37,638,075	34,067,095	37,638,075
—Loans to individuals	9,873,207	10,723,048	9,873,207	10,723,048
—Loans to corporate entities	24,132,412	26,915,028	24,193,887	26,915,028
Reverse repos with customers	57,395	955,401	57,292	955,401
Held to maturity investment securities	1,249,849	5,056,820	1,374,786	3,511,967
Debt securities—receivables	1,628,176	2,512,337	1,165,849	1,966,188

3. Financial Risk Management (Continued)

	Carrying Value		Fair Value	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Financial liabilities				
Due to credit institutions	25,413,598	19,930,269	25,416,684	19,930,269
Due to customers	21,795,677	29,474,998	21,789,085	29,474,998
Debt securities in issue	1,268,045	2,659,618	901,881	2,489,064
Hybrid capital and other borrowed funds	498,968	510,442	232,877	374,609

The fair value for the year 2011 of loans and advances to credit institutions, loans and advances to customers (net of provisions), repurchase agreements, 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 bear mainly floating interest rates and as a result being re-priced at regular time periods.

Fair value from held to maturity investment securities and debt securities-receivables is estimated using quoted market prices. Where this information is not available, fair value has been estimated using quoted market prices for 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) Financial assets and liabilities held at fair value:

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. 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, bonds and treasury bills. Input parameters are based on yield curves or data from reliable sources (Bloomberg, Reuters).
- Level 3—Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes shares and bonds with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

3. Financial Risk Management (Continued)

The following tables present financial assets and liabilities measured at fair value, categorized in the three levels mentioned above, reconciliation of level 3 items for the year 2011 and sensitivity analysis:

Financial Assets & Liabilities measured at fair value	Level 1	Level 2	Level 3	Total
Financial Assets				
Derivative financial instruments—assets	3,661	375,577	—	379,238
Trading portfolio				
—Trading bonds	351,500	46,047	—	397,547
—Trading treasury bills	17,504	38,832	—	56,335
—Shares & other variable income securities	10,431	—	—	10,431
Financial Assets at FV through PL				
—Asset Swap bonds	—	4,043	—	4,043
—Shares & other variable income securities	5,879	—	—	5,879
Available for Sale Securities				
—Trading bonds	394,314	99,382	—	493,696
—Shares & other variable income securities	51,485	9,015	227,241	287,741
—Treasury bills	62,469	1,901,159	—	1,963,627
Financial Liabilities				
—Liabilities at fair value through profit or loss	78	18,397	—	18,475
—Derivative financial instruments—liabilities	8,364	381,364	—	389,728

Reconciliation of Level 3 items	Shares & Other variable income securities
Opening balance	326,442
Purchases and share capital increases	13,088
Impairment	(104,793)
Disposals	(587)
Transfer to associate companies	(7,130)
FX differences	222
Total	**227,241**

Sensitivity Analysis of Level 3 measurements to alternative assumptions, reflected in:	Favourable changes	Unfavourable changes
Income Statement		
Available for sale securities	—	(16,249)
Equity Statement		
Available for sale securities	10,099	(5,000)

3.7 Fiduciary activities

The Group provides custody services to third parties for a wide range of financial instruments. These services include safekeeping of securities, clearing and settlement of securities transactions in the Greek market and abroad, execution of corporate actions, income collection etc, on behalf of individuals, companies and institutional investors. Those assets and income arising for third parties thereon are not included in the Group's financial statements as they do not constitute property of the Group. The above mentioned services give rise only to operational risk.

3.8 Capital adequacy

Being compliant with the Greek law (3601/2007), Piraeus Bank Group has implemented the Basel II regulatory framework since January 2008.

3. Financial Risk Management (Continued)

As the importance to maintain strong capital base has been acknowledged for the Group, capital adequacy is frequently monitored by the Bank's responsible department and submitted in a quarterly basis to the supervisory authority, Bank of Greece.

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

Capital Adequacy Ratio is specified as the regulatory capital to the total risk weighted assets and off balance sheet items. The new legislative and regulatory capital framework defines that capital adequacy ratio should be above 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 Greek regulatory framework.

– Preserve the Group's ability to continue unhindered its operations.

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

The regulatory capital of the Group, as defined by Bank of Greece is comprised of Tier I and Tier II capital.

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

	31 December 2011	31 December 2010
Tier I capital		
Ordinary shares	342,998	100,882
Share premium	2,953,356	2,430,877
Preference shares	750,000	370,000
Less: treasury shares	(192)	(8,790)
Minority Interest	135,228	140,920
Available for sale reserve	(72,922)	(342,714)
Legal reserve and other reserves	(72,665)	(90,131)
Retained earnings	(5,975,642)	672,687
Hybrid capital	159,601	159,439
Less: intangible assets	(348,934)	(384,308)
Total regulatory adjustments on Tier I capital	58,334	151,159
Total Tier I capital	**(2,070,838)**	**3,200,021**
Tier II Capital		
Subordinated debt	335,383	347,145
Total regulatory adjustments on Tier II capital	(9,412)	(19,223)
Total Tier II capital	**325,971**	**327,922**
Regulatory capital	**(1,744,867)**	**3,527,943**
Total risk weighted assets (on and off-balance sheet items)	**34,722,311**	**38,123,543**
Tier I ratio	**(6.0%)**	**8.4%**
Total Capital Adequacy ratio	**(5.0%)**	**9.3%**

3. Financial Risk Management (Continued)

It should be noted that the disclosure, as regulatory requirement, regarding capital adequacy and risk management information, imposed by Bank of Greece Directive 2592/20.8.2007 in relation to Pillar III, will be released at the Bank's website.

Greek banks' participation in the PSI had a significant negative impact on their equity and capital adequacy. For this reason, the EU/ECB/IMF, through the 2nd economic adjustment programme, has already fully safeguarded the capital adequacy of the banking system and its capability to finance the Greek economy.

In the context of the recapitalization process of the Greek banks, Bank of Greece (BoG) requested and received (at end January 2012) their detailed Strategic-Business Plans for the period 2012-2015. The banks' capital needs will be based on these plans, including the PSI impact and the results of BlackRock Solutions diagnostic exercise—commissioned by Bank of Greece—on the domestic loan portfolios of the Greek banking groups. At the same time, the capital plans of the Greek banks were submitted to the BoG at the end of March 2012. According to the Memorandum of Economic and Financial Policies, "banks submitting viable capital raising plans will be given the opportunity to apply for and receive public support in a manner that preserves private sector incentives to inject capital and thus minimizes the burden for taxpayers. Specifically, banks will be able to access capital from the Hellenic Financial Stability Fund (HFSF) through common shares and contingent convertible bonds." In this framework, the HFSF has already provided a Commitment Letter up to the amount of € 5.0 billion for its participation in the impending share capital increase of Piraeus Bank. The Greek banking sector recapitalization should be consummated by the end of September 2012, in order for the Greek banking groups to comply with a 9% Core Tier 1 ratio by September 2012 and 10% by June 2013.

4. Critical accounting estimates and judgements of the Group

a. Impairment of Greek Government Bonds (GGBs)

The discussions and negotiations for the specification of the agreed measures on 21 July 2011 and on 26 October 2011 and especially of the revised private sector involvement programme (PSI+), were completed on 21 February 2012. The key terms of the agreement achieved at the Eurogroup are as follows:

- The reduction in the privately held nominal debt by 53.5%, by issuing 20 new GGBs, governed by the English law, with a nominal value equal to 31.5% of the initial nominal value of the eligible securities and loans, that will mature gradually and every year after the completion of the decade (from the 11th to the 30th year) and in addition short-dated bonds issued by the European Financial Stability Facility (EFSF), with a nominal value equal to 15% of the initial nominal value of the eligible securities and loans, plus the accrued interests till the date of the exchange.
- The weighted average coupon of the new GGBs is 3.65% over the full 30-year period (maximum maturity period) and 2.63% for the period up to 2020. The coupon on the new GGBs is 2% (from February 2012 to February 2015), becomes 3% for the following five years (from February 2015 to February 2020), increases to 3.65% for the next year (from February of 2020 to February 2021) and to 4.3% thereafter (from February 2022 to February 2042). The interest rate of the securities of EFSF was set at 0.19% for securities with six months duration, 0.4% for securities with one year duration and 1% for securities with two years duration.
- Securities related to future GDP growth of the Greek economy will be offered to investors that could provide them with an increased yield in the event that growth exceeds currently anticipated levels on or after 2015.

The Bank's Board of Directors decided the participation of the Group in the voluntary exchange of Greek Government bonds and eligible loans.

4. Critical accounting estimates and judgements of the Group (Continued)

The finalisation of the revised private sector involvement programme (PSI+) was taken into account in the annual consolidated financial statements as an "adjusting event" at the balance sheet date, in accordance with the rules set out in IAS 10 "Events after the reporting period", as it provides evidence of conditions that existed as at 31.12.2011.

Based on the above mentioned and taking into account the pronouncements of the International Financial Reporting Standards (IAS 39), the Group determined the impairment on the Greek Government bonds and eligible loans that were included in the revised private sector involvement programme (PSI+) as follows:

a.1. GGBs and bonds guaranteed by the Greek Government categorized as "Debt securities—receivables" and "Held to Maturity financial assets" measured at amortised cost

The impairment loss was calculated at 31.12.2011 as the difference between the book value and the present value of the expected future cash flows discounted using the effective interest rate of the bond, that is either using the original effective interest rate at the time when the bond was acquired or, in the case of reclassified bond, the effective interest rate at the date of reclassification.

The ability of the Greek Government to meet its future obligations was assessed, in order to reflect more accurately the uncertainties and risks.

Finally, any unamortised negative "Available for sale" reserve was transferred directly and in its entirety to the consolidated Income Statement.

a.2. Loans guaranteed by the Greek Government categorized as "Loans and advances to customers" measured at amortised cost

For the loans eventually exchanged with new bonds, the impairment loss was calculated at 31.12.2011 as the difference between the book value as at 31.12.2011 and the present value of the expected future cash flows discounted using the effective interest rate of the loan, after applying the above assumption namely to the ability of the Greek Government to meet its future obligations.

For the remaining loans guaranteed by the Greek Government that were not included in the PSI+, the ability of repayment by the debtor was firstly examined and only in the case that the estimated future cash flows were not adequate, the loans were tested for impairment, based on the possibility of Greek Government's default.

a.3. GGBs categorized as "Available for Sale"

For the GGBs categorised in the Available for Sale portfolio, the negative "Available for sale" reserve as this was determined by measuring the GGBs at fair value as at 31.12.2011, was transferred directly and in its entirety to the consolidated Income Statement of the year 2011.

a.4. GGBs categorized as "Trading"

The GGBs categorised in the Trading portfolio, were valued at fair value as at 31.12.2011 and any loss was taken to the consolidated Income Statement of the year 2011.

The Group charged the before tax results for the year 2011 with an amount of €5,911 million that relates to the exchange of the securities.

4. Critical accounting estimates and judgements of the Group (Continued)

The following table presents detailed information, by type, of the Group's total exposure to the Greek State and to public institutions (Central Government, Regional Governments, Public Organizations, Insurance Funds, etc) as at 31.12.2011:

Table of total exposure to the Greek State

Type	Nominal amount	Book value
1 Greek Government Bonds	7,449,364	1,955,913
2 GGBs related to State preference shares	782,190	750,074
3 Treasury Bills	1,956,483	1,900,289
4 Loans and Public sector entities bonds	771,111	563,171
Total	**10,959,148**	**5,169,447**

Loans guaranteed by the Greek Government of € 671.5 million as at 31.12.2011 are not included in the above balances.

The Group does not have exposure in bonds and debt of other European countries which face increased problems relating to the servicing of their debt.

b. Other critical accounting estimates and judgements in the application of the accounting policies

The Group's accounting estimates and judgements affect the reported amounts of 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 advances

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.

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 investments

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 exists 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. The assessment of the decline in fair value as significant or prolonged requires judgement. Judgement is also 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.

4. Critical accounting estimates and judgements of the Group (Continued)

b.4. Securitisations and special purpose entities

The Group sponsors the formation of special purpose financing entities (SPEs) for various purposes including asset securitisation. The Group does not consolidate SPEs that it does not control. As it can sometimes be difficult to determine whether the Group does control an SPE, it makes judgements about its exposure to the risks and rewards, as well as about its ability to make operational decisions for the SPE in question. In many instances, elements may indicate control or lack of control over an SPE when considered in isolation, but when considered together make it difficult to reach a clear conclusion. In such cases, the SPE is consolidated.

b.5. Held to maturity investments

The Group follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than for specific circumstances—for example, selling an insignificant amount close to maturity—it will be required to reclassify the entire class to the available for sale portfolio. The investments would therefore be remeasured at fair value.

b.6. Investment property

Investment property is carried at fair value, as this is estimated by an independent valuer. 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.

b.7. Income taxes

The Group is subject to income taxes in the countries in which operates. This requires estimates in determining the provision for income taxes and therefore the final income tax determination is uncertain during the fiscal year. Where the final income tax expense is different from the amounts initially recorded, differences will impact the income tax and deferred tax assets/liabilities in the period in which the tax computation is finalised.

5. Segment analysis

a) By business segment

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, advisory and stock exchange services, underwriting services and public listings, etc.).

5. Segment analysis (Continued)

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

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

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

1/1-31/12/2011	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Eliminations	Group	Discontinued operations	Group (Continuing operations)
Net interest income	888,589	283,102	(1,228)	181,006	(181,787)	24,220	**1,193,901**	20,667	1,173,235
Net fee and commision income	139,683	30,837	7,116	3,812	17,529	(171)	**198,806**	8,499	190,307
Net revenues	1,122,730	321,778	16,546	(2,597)	(159,711)	(53,592)	**1,245,154**	32,508	1,212,645
Segment results	(1,506,083)	(300,501)	(30,398)	(5,461,005)	(180,593)	—	**(7,478,581)**	(32,649)	(7,445,932)
Share of results of associates							**(31,308)**	33	(31,341)
Profit before tax							**(7,509,889)**	**(32,616)**	**(7,477,273)**
Income tax expense							**891,770**	(4,640)	896,410
Profit after tax							**(6,618,119)**	**(37,256)**	**(6,580,863)**
Other segment items at 31 December 2011									
Capital expenditure	110,838	11,973	205	1,917	88,475	—	**213,407**	2,212	211,196
Depreciation and amortisation	52,852	8,997	519	948	34,856	—	**98,172**	9,590	88,583
Provisions and impairment	1,579,641	380,036	32,520	5,400,299	491,492	—	**7,883,988**	21,454	7,862,534
Segment assets	26,489,193	8,478,297	78,312	12,796,510	1,509,996	—	**49,352,308**	1,157,214	48,195,094
Segment liabilities	19,888,754	1,153,997	358,798	27,517,254	2,373,343	—	**51,292,146**	1,007,341	50,284,806

5. Segment analysis (Continued)

1/1-31/12/2010	Retail Banking	Corporate Banking	Investment Banking	Asset Management & Treasury	Other business segments	Eliminations	Group	Discontinued operations	Group (Continuing operations)
Net interest income	947,354	297,796	(1,216)	147,575	(194,484)	9,874	**1,206,899**	18,981	1,187,918
Net fee and commision income	156,388	25,092	9,977	2,238	478	4,781	**198,954**	10,672	188,282
Net revenues	1,264,264	357,720	13,770	69,697	(132,184)	(63,835)	**1,509,432**	32,864	1,476,568
Segment results	(29,223)	48,152	1,404	17,036	(22,970)	—	**14,399**	(39,436)	53,834
Share of results of associates							**(3,649)**	58	(3,707)
Profit before tax							**10,749**	**(39,378)**	**50,127**
Income tax expense (included tax contribution)							**(31,940)**	(2,219)	(29,721)
Profit after tax							**(21,191)**	**(41,597)**	**20,406**
Other segment items at 31 December 2010									
Capital expenditure	125,349	19,136	9,647	2,596	65,482	—	**222,210**	5,130	217,080
Depreciation and amortisation	57,057	9,381	617	777	27,082	—	**94,914**	11,675	83,239
Provisions and impairment	510,307	82,313	145	10,375	7,936	—	**611,076**	25,702	585,374
Segment assets	26,895,259	10,431,702	122,861	16,029,301	4,082,217	—	**57,561,340**	1,710,144	55,851,197
Segment liabilities	21,346,569	1,692,944	54,122	25,689,448	5,504,525	—	**54,287,609**	1,353,067	52,934,542

Regarding profit before tax of other business segments for 2011, there is not any sector that contributes more than 10%.

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

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

b) By geographical segment

The Group operates in 4 main business segments and in 4 main geographical areas. Greece is the home country of Piraeus Bank. In Greece, the areas of operation include all the primary business segments.

In Rest of Europe, the countries in which the Group operates include Albania, Bulgaria, Romania, Serbia, Ukraine, Cyprus, United Kingdom and Luxemburg. The main business segments of operation in these countries are Retail Banking, Corporate Banking, Investment Banking and Asset Management & Treasury.

The Group operates in the U.S.A. and the predominant activities are related to Retail Banking.

5. Segment analysis (Continued)

The following table incorporates geographical concentrations net revenues and non current assets of the Group, as required by IFRS 8. The allocation is based on the location of the subsidiaries.

	As at 31 December 2011	
	Net Revenues	Non current assets
Greece	657,756	1,638,121
Rest of Europe	531,956	424,823
U.S.A.	22,933	36,777
Total	**1,212,645**	**2,099,721**
Continuing Operations	**1,212,645**	**2,099,721**
Discontinued Operations	**32,508**	**60,929**

	As at 31 December 2010	
	Net Revenues	Non current assets
Greece	928,706	1,754,184
Rest of Europe	523,069	488,740
U.S.A.	24,792	35,536
Total	**1,476,567**	**2,278,460**
Continuing Operations	**1,476,567**	**2,278,460**
Discontinued Operations	**32,864**	**0**

The cost of issuing debt securities for loans securitisation, subordinated loans and hybrid capital is included in the net revenues of Greece.

6. Net interest income

	1/1-31/12/2011	1/1-31/12/2010
Interest income		
Interest on fixed income securities	346,748	251,026
Interest income on loans and advances to customers and reverse repos	2,316,663	2,104,872
Interest on loans and advances to credit institutions	164,998	175,000
Other interest income	32,456	34,052
Total interest income	**2,860,865**	**2,564,950**
Interest expense		
Interest on customer deposits and repos	(843,607)	(735,579)
Interest on debt securities in issue and on other borrowed funds	(65,037)	(67,900)
Interest on due to credit institutions	(612,180)	(466,087)
Other interest expense	(166,806)	(107,466)
Total interest expense	**(1,687,630)**	**(1,377,034)**
Net Interest Income	**1,173,235**	**1,187,917**

7. Net fee and commission income

	1/1-31/12/2011	1/1-31/12/2010
Fee and commission income		
Commercial banking	197,665	200,173
Investment banking	18,920	23,480
Asset management	7,762	9,314
Total fee and commission income	**224,346**	**232,967**
Fee and commission expense		
Commercial banking	(29,511)	(38,657)
Investment banking	(4,180)	(5,585)
Asset management	(349)	(444)
Total fee and commission expense	**(34,039)**	**(44,686)**
Net fee and commission income	**190,307**	**188,281**

8. Dividend income

	1/1-31/12/2011	1/1-31/12/2010
Dividend from AFS securities	3,060	4,384
Dividend from trading securities	356	1,471
	3,416	**5,855**

9. Net trading income

	1/1-31/12/2011	1/1-31/12/2010
Gains less losses on FX	115	38,521
Gains less losses on shares and mutual funds	(82)	1,391
Gains less losses on derivatives	52,413	(36,028)
Gains less losses on bonds	(155,489)	15,693
	(103,043)	**19,577**

During 2011, "Net trading Income" was adversely affected by the significant reduction in the fair value of GGBs.

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

	1/1-31/12/2011	1/1-31/12/2010
Gains less losses on shares	2,257	(401)
Gains less losses on other financial instruments	(8,676)	(7,644)
	(6,419)	**(8,045)**

11. Results from investment securities

	1/1-31/12/2011	1/1-31/12/2010
Gains less losses on AFS—shares and mutual funds	598	108
Gains less losses on AFS—bonds	(516)	(49)
Gains less losses on sale of subsidiaries and associates	(664)	(2,110)
	(582)	**(2,051)**

11. Results from investment securities (Continued)

Impairment of investment securities is included in "Impairment on investment securities" in the consolidated income statement (note 25).

12. Other operating income

	1/1-31/12/2011	1/1-31/12/2010
Income/expense from real estate (rental income and result from the valuation of investment property)	(98,553)	13,499
Income from the operations of ETVA Industrial Parks S.A.	5,687	9,825
Income from IT activities	557	1,333
Income from operating leasing	43,042	47,060
Other operating income	4,999	13,316
	(44,269)	**85,033**

"Income/Expense from real estate" includes mainly the valuation results of investment property which amount to a loss of €91.4 million for the year 2011, of which the largest amount relates to the Citylink property (€ 97.1 million).

Receivables from operating leases are as follows:

Receivables from operating leases	31 December 2011	31 December 2010
Up to 1 year	37,216	46,397
From 1 to 5 years	147,433	152,109
More than 5 years	2,572,022	3,073,719
	2,756,671	**3,272,226**

Receivables from operating leases mainly relate to future receivables from rental income of Picar S.A., from the operation of the Citylink building.

13. Staff costs

	1/1-31/12/2011	1/1-31/12/2010
Wages & salaries	(266,714)	(279,141)
Social insurance contributions	(61,006)	(64,803)
Other staff costs	(16,428)	(15,956)
Retirement benefit charges (note 42)	(28,035)	(29,961)
	(372,183)	**(389,861)**

The number of persons employed by the Group during 2011 was 12,806 (2010: 13,320). The average number of persons employed by the Group during the year 2011 was 13,063.

14. Administrative expenses

	1/1-31/12/2011	1/1-31/12/2010
Rental expense	(68,904)	(72,467)
Taxes and duties	(48,681)	(49,760)
Promotion and advertising expenses	(27,343)	(40,060)
Servicing—promotion of banking products	(36,572)	(33,297)
Fees and third parties expenses	(35,740)	(37,039)
Security and maintenance of fixed assets	(27,487)	(27,251)
Telecommunication and electricity expenses	(22,952)	(25,776)
Other administrative expenses	(66,868)	(77,442)
	(334,547)	**(363,093)**

Other administrative expenses include contributions, insurances, donations, travel expenses and consumables.

15. Profit/(Loss) after income tax from discontinued operations

The results of Piraeus Bank Egypt Group, which is classified as discontinued operations, are included in the account "Profit/(loss) after income tax from discontinued operations" and are analysed as follows:

	1/1-31/12/2011	1/1-31/12/2010
Net interest income	20,667	18,981
Net fee and commission income	8,499	10,672
Dividend income	1,448	1,679
Net trading income	1,298	1,559
Results from investment securities	26	(538)
Other operating income	569	510
Total net income	**32,508**	**32,864**
Staff costs	(25,439)	(21,105)
Administrative expenses	(8,890)	(13,825)
Depreciation and amortization	(9,590)	(11,675)
Gains/(Losses) from sale of assets	215	8
Total operating expenses before provisions	**(43,703)**	**(46,597)**
Impairment losses on loans, debt securities and other receivables	(16,669)	(25,670)
Impairment on investment securities	(705)	(1)
Other provisions and impairment	(4,081)	(30)
Share of profit of associates	33	58
Profit/(loss) before income tax	**(32,616)**	**(39,378)**
Income tax	(4,640)	(2,219)
Profit/(loss) after income tax from discontinued operations	**(37,256)**	**(41,597)**

16. Income tax expense

	1/1-31/12/2011	1/1-31/12/2010
Current tax	(37,924)	(60,998)
Deferred tax (note 41)	938,377	57,069
Tax provisions	(4,043)	(1,163)
Tax contribution	—	(24,630)
	896,410	**(29,721)**

16. Income tax expense (Continued)

By virtue of law 3943/2011 (Government Gazette A' 66/31.3.2011), the corporate income tax rate of legal entities in Greece was reduced to 20% for income accrued as of 1.1.2011 and onwards, compared to 24% applicable in the previous year (law 3697/2008). In accordance with the provisions of the above mentioned law, a withholding tax of 21% is imposed on distributed profits of legal entities for the year 2010 and 25% for profits of the following years. For the subsidiaries operating abroad, the tax has been calculated according to the respective nominal tax rates that were imposed in the fiscal years of 2010 and 2011 (Bulgaria: 10%, Romania: 16%, U.S.A.: 35%, Serbia: 10%, Ukraine: 23%, Cyprus: 10%, Albania: 10% and United Kingdom: 26%).

The one-off extraordinary tax contribution of social responsibility, imposed by law 3845/2010 (Government Gazette A' 65/6.5.2010) and recognized in the statement of total comprehensive income for the year 2010, amounted to € 24.6 million.

Piraeus Bank has been audited by the tax authorities and all the unaudited fiscal years until 2009 have been finalized, while for the unaudited tax years a relevant provision has been raised according to International Financial Reporting Standards (IFRS).

The deferred tax increase, of year 2011, relates mainly to the recognition of an allowance for impairment on Greek government bonds that participated in the voluntary exchange of Greek government bonds programme (PSI) and to the increased provisions for loan portfolio impairment.

	2011	2010
Results before tax	(7,477,273)	50,127
Tax calculated	1,495,455	(12,030)
Income not subject to tax (corresponding tax)	12,038	23,242
Non deductible expenses (corresponding tax) and provisions for unaudited fiscal years	(136,618)	(8,129)
Effect of different tax rates applied abroad	7,520	7,290
Impact on deferred tax from the future legally approved change of tax rate	(26,320)	(33,522)
Effect of results of investment in associates	(6,268)	1,169
Deferred tax on Impairment of securities	12,508	18,325
Additional tax 3% on real estate income	—	(121)
Tax contribution	—	(24,629)
Effect of deferred tax that is estimated not to be offset	(461,904)	(1,315)
Income Tax	**896,410**	**(29,721)**

Audit Tax certificate

From the 2011 financial year and onwards, all Greek Societe Anonyme and Limited Liability Companies that are required to prepare audited statutory financial statements must in addition obtain an "Annual Tax Certificate" as provided for by paragraph 5 of Article 82 of L.2238/1994. This "Annual Tax Certificate" must be issued by the same statutory auditor or audit firm that issues the audit opinion on the statutory financial statements. Upon completion of the tax audit, the statutory auditor or audit firm must issue to the entity a "Tax Compliance Report" which will subsequently be submitted electronically to the Ministry of Finance, by the statutory auditor or audit firm. This "Tax Compliance Report" must be submitted to the Ministry of Finance, within ten days of the date of approval of the financial statements by the General Meeting of Shareholders. The Ministry of Finance will subsequently select a sample of at least 9% of all companies for which a "Tax Compliance Report" has been submitted for the performance of a tax audit by the relevant auditors from the Ministry of Finance. The audit by the Ministry of Finance must be completed within a period of eighteen months from the date when the "Tax Compliance Report" was submitted to the Ministry of Finance.

16. Income tax expense (Continued)

Unaudited tax years

Piraeus Bank S.A. has not been audited by tax authorities for the fiscal years ended in 2010 and 2011.

For the fiscal year of 2011, the tax audit is being performed by PricewaterhouseCoopers S.A. The Company's management does not expect that additional tax liabilities will arise, in excess of those already recorded and presented in the financial statements, upon the completion of the 2011 tax audit.

As regards the Company's subsidiaries and affiliates, they have not been audited by the tax authorities for the financial years which are included in Note 27 of the Consolidated Financial Statements and therefore their tax liabilities for these years have not been finalized.

For the unaudited periods, there might be a possibility to arise additional taxes and charges at the time they will be audited and closed.

When considered appropriate, a provision is booked on a company by company basis, to cover possible additional taxes, based on the findings of the tax audits of prior years.

17. Earnings/(Losses) per share

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

Basic and diluted earnings/(losses) per share from continuing operations	**1/1-31/12/2011**	**1/1-31/12/2010**
Net profit/(loss) attributable to ordinary shareholders of the parent entity from continuing activities	(6,576,880)	20,112
Weighted average number of ordinary shares in issue	1,081,944,334	634,164,709
Basic and diluted earnings/(losses) per share (in euros) from continuing operations	(6.0788)	0.0317

Basic and diluted earnings/(losses) per share from discontinued operations	**1/1-31/12/2011**	**1/1-31/12/2010**
Net profit/(loss) attributable to ordinary shareholders of the parent entity from discontinued operations	(36,499)	(40,585)
Weighted average number of ordinary shares in issue	1,081,944,334	634,164,709
Basic and diluted earnings/(losses) per share (in euros) from discontinued operations	(0.0337)	(0.0640)

According to the requirements of IAS 33, the weighted average number of shares has been adjusted for the year 2010 by a 1.8889 factor, in order to adjust earnings/(losses) per share for the discount price of the rights issue share capital increase (note 44). Also, the prior year data have been adjusted so as to be comparable with the current year and to reflect the decision of the Ordinary General Meeting of Shareholders in 2011 not to distribute dividend to shareholders of preference shares for the year 2010.

18. Analysis of other comprehensive income

Continuing operations

1/1-31/12/2011	Before-Tax amount	Tax	Net-of-Tax amount
Net change in available for sale reserve	348,283	(76,359)	271,924
Change in currency translation reserve	(2,874)	—	(2,874)
Other Comprehensive Income from continuing operations	**345,409**	**(76,359)**	**269,050**

1/1-31/12/2010	Before-Tax amount	Tax	Net-of-Tax amount
Net change in available for sale reserve	(234,795)	49,549	(185,246)
Change in currency translation reserve	(19,445)	—	(19,445)
Premium on equity instrument	(67,805)	—	(67,805)
Other Comprehensive Income from continuing operations	**(322,045)**	**49,549**	**(272,496)**

Discontinued operations

1/1-31/12/2011	Before-Tax amount	Tax	Net-of-Tax amount
Net change in available for sale reserve	(2,179)	—	(2,179)
Change in currency translation reserve	(2,248)	—	(2,248)
Other Comprehensive Income from discontinued operations	**(4,427)**	**0**	**(4,427)**

1/1-31/12/2010	Before-Tax amount	Tax	Net-of-Tax amount
Net change in available for sale reserve	312	—	312
Change in currency translation reserve	(1,276)	—	(1,276)
Premium on equity instrument	—	—	0
Other Comprehensive Income from discontinued operations	**(964)**	**0**	**(964)**

19. Cash and balances with the Central Banks

	31 December 2011	31 December 2010
Cash in hand	302,565	328,846
Nostros and sight accounts with other banks	733,887	764,913
Balances with central bank	930,324	1,254,563
Cheques clearing system—Central Banks	158,362	206,772
Included in cash and cash equivalents less than 90 days (note 47)	**2,125,138**	**2,555,094**
Mandatory reserves with Central Banks	427,580	438,181
	2,552,717	**2,993,275**

Mandatory reserves with the Central Banks are not available for everyday use by the Group. The interest rates for nostros and sight accounts are floating.

20. Loans and advances to credit institutions

	31 December 2011	31 December 2010
Placements with local banks and banks abroad	160,259	1,117,352
Cheques receivables	2,858	7,773
Reverse repurchase agreements	128,493	320,305
Included in cash and cash equivalents less than 90 days (Note 47)	**291,610**	**1,445,429**
Placements with local banks and banks abroad	21,952	26,896
Cheques receivables	2,574	4,530
Loan and advances to credit institutions above 90 days	**24,527**	**31,426**
Total loans and advances to credit institutions	**316,136**	**1,476,856**

Total loans and advances to credit institutions bear floating rates.

	31 December 2011	31 December 2010
Current loans and advances to credit institutions (up to 1 year)	298,267	1,468,527
Non current loans and advances to credit institutions (more than 1 year)	17,869	8,329
	316,136	**1,476,856**

21. Derivative financial instruments

Derivative financial instruments held by the Group include Currency Forwards, Interest Rate Futures, Interest rate or/and Currency Swaps, Call/Put Options on interest and/or currency and currency or/and shares.

Swaps are contractual agreements between two parties (over the counter) to exchange cash flows due to movements in interest rates, foreign exchange, equity indices, commodity prices (e.g. fuel prices) and in the case of credit default swaps to make payments with respect to defined credit events based on notional amounts.

Forwards are contractual agreements between two parties (over the counter) to purchase a currency against another or to exchange interest rate cash flows at a specified price and date in the future.

Futures are contractual obligations to receive or pay a net amount based on changes in the price/ rate of the underlying financial instrument. Futures are transacted in standardized amounts on regulated exchanges and are subject to daily cash margin requirements.

Options are contractual agreements that convey the right, but not the obligation, for the purchaser to buy or sell a specified amount of a financial instrument or a currency, at a fixed price or rate, at a future date. Options can be either exchange traded or over the counter (OTC).

The notional amounts of derivative financial instruments do not necessarily indicate the amounts of future cash flows involved or the current fair value of the underlying instruments and therefore do not indicate the Group's exposure to credit, market or liquidity risk. The notional amount is the amount of the derivative's underlying instrument and is the basis for the measurement of derivative fair values. Fair value changes are determined by fluctuations in the price or the rate of the underlying

21. Derivative financial instruments (Continued)

instrument and reflect the amount to be paid (liability) or received (asset). The notional amounts and fair values of derivative instruments held as at year end are set out below:

At 31 December 2011	Notional amounts	Fair values	
		Assets	Liabilities
Derivatives held for trading			
Futures	20,000	—	—
Asset swaps	10,915	266	3,438
Interest rate swaps	6,518,607	339,534	364,997
Currency swaps	7,272,580	2,450	8,242
FX forwards	135,116	866	165
Options and other derivative instruments	2,418,800	36,081	5
		379,197	**376,846**
Embedded equity derivatives			
Customer deposits/loans linked to options	29,868	41	15
Derivatives held for fair value hedging			
Interest rate swaps	102,676	—	12,866
Total recognised derivative assets/liabilities		**379,238**	**389,728**

At 31 December 2010	Notional amounts	Fair values	
		Assets	Liabilities
Derivatives held for trading			
Futures	43,900	—	—
Asset swaps	15,739	86	3,754
Interest rate swaps	6,674,026	141,147	132,014
Currency swaps	5,683,430	637	19,699
FX forwards	516,967	541	97
Options and other derivative instruments	17,475	1,305	16
		143,717	**155,580**
Embedded equity derivatives			
Customer deposits/loans linked to options	45,208	250	182
Derivatives held for fair value hedging			
Interest rate swaps	719,298	—	45,378
Futures	764,000	—	—
Total recognised derivative assets/liabilities		**143,967**	**201,140**

Interest rate swaps held for trading purposes mainly include interest rate swaps with customers and their opposite contracts with other banks in order to reduce the Bank's exposure (back to back contracts).

The Group uses derivatives for hedging purposes in order to reduce its exposure to market risk. This is achieved by hedging specific financial instruments or portfolios. The hedging practices and accounting treatment are disclosed in note 2.4. The Group hedges part of its interest rate risk, which results from potential decrease in the fair value of fixed rate bonds included in the "Available-for-sale" portfolio and in the "Debt securities—receivables". The Group also hedges the interest rate risk which results from potential decrease in the fair value of fixed rate loans originated by the Group in local and foreign currencies. Hedging is achieved by using interest rate swaps.

The net fair value of these interest rate swaps as at 31/12/2011 was € 12.9 million liability (2010: € 45.4 million liability). The losses on the hedging instruments were € 0.7 million (2010: € 26 million

21. Derivative financial instruments (Continued)

loss). The gains on the hedged item attributable to the hedged risk were € 0.7 million (2010: € 25.9 million gain).

22. Financial assets at fair value through profit or loss

Trading securities	31 December 2011	31 December 2010
Greek government bonds/treasury bills	—	4,335
Foreign government treasury bills	39,944	30,071
Included in cash and cash equivalents less than 90 days (note 47)	**39,944**	**34,406**
Greek government bonds	107,367	147,976
Foreign government bonds	280,585	184,005
Corporate entities bonds	9,538	11,586
Bank bonds	56	56
Greek government treasury bills	8,144	84,391
Foreign government treasury bills	8,247	170,812
	413,938	**598,827**
Athens stock exchange listed shares	9,204	38,241
Foreign stock exchanges listed shares	5	341
Mutual funds	1,221	2,170
	10,431	**40,752**
Total trading securities	**464,313**	**673,984**
Other financial assets at fair value through profit or loss	**9,922**	**16,426**

From the above mentioned trading securities as at 31/12/2011, amount of € 393 million relates to fixed income securities (2010: € 549 million), amount of € 12 million relates to floating rate securities (2010: € 15 million) and amount of € 49 million relates to zero coupon bonds (2010: € 69 million).

Other financial assets at fair value through profit or loss include mainly asset swap bonds.

23. Reverse repos with customers

The Group enters into agreements for the resale of securities (reverse repos), either with retail clients or corporate entities, collateralised mainly with securities issued by the Greek State.

	31 December 2011	31 December 2010
Reverse repos with customers—individuals	30,096	668,599
Reverse repos with customers—corporate entities	27,299	286,801
Total reverse repos with customers	**57,395**	**955,401**

24. Loans and advances to customers and debt securities—receivables

	31 December 2011	31 December 2010
Mortgages	6,808,633	6,909,632
Consumer/personal and other loans	3,172,900	3,650,891
Credit cards	750,929	844,874
Loans to individuals	**10,732,463**	**11,405,397**
Loans to corporate entities	**26,325,555**	**27,665,756**
Total loans and advances to customers	**37,058,018**	**39,071,153**
Corporate entities debt securities—receivables	4,834	197,653
Bank debt securities—receivables	23,178	—
Greek government bonds debt securities—receivables	3,098,629	2,302,166
Foreign government bonds debt securities—receivables	198,024	12,518
Total debt securities—receivables	**3,324,665**	**2,512,337**
Less: Allowance for impairment on loans and advances to customers and debt securities—receivables	(4,748,888)	(1,433,077)
Total loans and advances to customers and debt securities—receivables (net allowances for losses)	**35,633,795**	**40,150,412**
of which:		
Loans and advances to customers (net of provisions)	34,005,619	37,638,075
Debt securities—receivables (net of provisions)	1,628,176	2,512,337

	31 December 2011	31 December 2010
Current loans and advances to customers and debt securities receivables (up to 1 year)	14,172,434	13,849,420
Non current loans and advances to customers and debt securities receivables (more than 1 year)	21,461,362	26,300,992
	35,633,795	**40,150,412**

Out of the total loans and advances to customers (before allowances for losses), fixed rate loans amount to € 1,444 million (2010: € 3,818 million) and floating rate loans amount to € 35,614 million (2010: € 35,253 million).

Debt securities—receivables as at 31/12/2011 include Greek Government Bonds of nominal value € 782 million, which were transferred to Piraeus Bank according to the requirements of Law 3723/2008 "Enhancement of the Greek economy's liquidity in response to the impact of international financial crisis" in order to cover issuance of Piraeus Bank's preference shares (note 44) to the Greek State of amounts € 370 million in 2009 and € 380 million in 2011. The value of the above mentioned bond, that was not included in the PSI, was amounted in 31/12/2011 at € 753 million.

24. Loans and advances to customers and debt securities—receivables (Continued)

Movement in allowance (impairment) for losses on loans and advances to customers and debt securities—receivables

	Loans to individuals	Loans to corporate entities/Public sector	Total
Balance at 1/1/2010	**492,355**	**502,615**	**994,970**
Charge for the year	284,792	286,864	571,655
—From continuing operations	284,514	261,471	545,985
—From discontinued operations	277	25,393	25,670
Loans written-off	(95,172)	(48,862)	(144,034)
—From continuing operations	(95,093)	(48,862)	(143,955)
—From discontinued operations	(79)	—	(79)
Foreign exchange differences	374	10,112	10,486
—From continuing operations	72	10,378	10,450
—From discontinued operations	303	(266)	37
Balance at end of the year 31/12/2010	**682,349**	**750,729**	**1,433,077**
Balance at 1/1/2011	**682,349**	**750,729**	**1,433,077**
Balance from discontinued operations	(17,151)	(53,574)	(70,725)
Charge for the year from continuing operations	300,011	3,418,435	3,718,445
Loans written-off from continuing operations	(108,413)	(235,468)	(343,881)
Foreign exchange differences from continuing operations	2,460	9,511	11,971
Balance at end of the year 31/12/2011	**859,256**	**3,889,633**	**4,748,888**

An allowance for impairment of € 2,221 million on Greek government bonds included in debt securities—receivables has been recognized and is included in the charge for the year of 2011 in the income statement. In addition, Greek government bonds impairment of € 49 million, which was previously included in available for sale reserve (note 45), that relates to reclassified in previous financial years debt securities—receivables, is recycled to income statement resulting in a total charge related to Private Sector Involvement programme for the year of 2011 of € 2,270 million.

Also, Impairment losses on loans, debt securities and other receivables in the income statement includes an amount of € 44 million that relates to impairment losses on other receivables.

	31 December 2011	31 December 2010
Allowance for loans and advances to customers and debt securities—receivables		
Individually impaired	3,762,124	631,615
Collective allowance	986,765	801,462
Total	**4,748,888**	**1,433,077**

24. Loans and advances to customers and debt securities—receivables (Continued)

Loans and advances to customers include finance lease receivables:

Gross investments in finance leases	31 December 2011	31 December 2010
Up to 1 year	353,483	402,430
From 1 to 5 years	552,817	671,065
More than 5 years	800,442	807,678
	1,706,741	**1,881,173**
Unearned future finance income	**(399,396)**	**(387,128)**
Net investments in finance leases	**1,307,345**	**1,494,044**

Net investments in finance leases are analysed as follows:

	31 December 2011	31 December 2010
Up to 1 year	298,611	345,878
From 1 to 5 years	399,218	515,788
More than 5 years	609,516	632,379
	1,307,345	**1,494,044**

25. Investment securities

Available for sale securities	31 December 2011	31 December 2010
Bonds and other fixed income securities		
Greek government bonds	154,756	557,436
Foreign government bonds	286,642	196,167
Corporate entities bonds	42,901	229,769
Bank bonds	9,398	37,007
Greek government treasury bills	1,909,471	604,019
Foreign government treasury bills	54,156	639
Total	**2,457,324**	**1,625,036**
Shares and other variable income securities		
Athens stock exchange listed shares	29,177	60,614
Foreign stock exchanges listed shares	18,298	15,994
Unlisted shares	155,074	158,917
Mutual funds	85,193	190,541
Total	**287,741**	**426,066**
Total available for sale securities	**2,745,065**	**2,051,103**

In relation to Greek government bonds, a recycling of € 374 million (note 45) from available for sale reserve to income statement was realized.

As at 31/12/2011, amount of € 501.4 million relates to investment portfolio bonds and treasury bills with fixed rates (2010: € 883.8 million), amount of € 40.8 million relates to floating rate bonds (2010: € 174.2 million) and amount of € 1,915.1 million relates to zero coupon bonds (2010: € 566.4 million).

25. Investment securities (Continued)

The movement in the available for sale portfolio is summarised as follows:

	31 December 2011	31 December 2010
Opening balance	2,051,103	2,338,460
Opening balance from discontinued operations	(45,417)	—
Opening balance of subsidiaries companies that sold	(953)	(958)
Opening balance from new companies	—	—
Additions	5,319,270	1,680,866
Transfer from associates (note 27)	15,151	—
Transfers from trading portfolio	—	890,444
Transfer to debt securities—receivables	—	(936,575)
Disposals/maturities	(4,165,375)	(1,263,856)
Changes in fair value	(363,002)	(258,181)
Transfers to associates (note 27)	(7,130)	—
Transfers to held-to-maturity	—	(397,407)
Impairment charge	(56,540)	(5,122)
Foreign exchange differences	(2,040)	3,431
Balance at the end of the year	**2,745,065**	**2,051,103**

Held to maturity	31 December 2011	31 December 2010
Greek government bonds	1,198,239	4,954,598
Foreign government bonds	50,043	58,917
Corporate entities bonds	1,567	17,727
Foreign government treasury bills	—	25,578
Total held to maturity	**1,249,849**	**5,056,820**

For the Greek government bonds included in held to maturity, an allowance for impairment of € 3,262 million has been recognized and is included in the impairment losses for the year of 2011. In addition, Greek government bonds impairment of € 5 million, which was previously included in available for sale reserve, that relates to reclassified in previous financial years bonds, is recycled to income statement resulting in a total charge for the year of 2011 of € 3,267 million.

As at 31/12/2011, amounts of € 3,311.7 million and € 1,200.0 million, both included in held to maturity securities, relate to floating rate bonds (2010: € 3,308.6 million) and to fixed rates (2010: € 1,747.7 million) respectively.

Movement of the held to maturity securities	31 December 2011	31 December 2010
Opening balance	5,056,820	3,363,535
Opening balance from discontinued operations	(14,459)	—
Additions	104,407	1,374,424
Transfers from AFS portfolio	—	397,407
Sale/maturity of securities	(634,225)	(80,511)
Impairment of Greek Government bonds	(3,261,866)	—
Coupon receipts	(1,750)	—
Foreign exchange differences	921	1,966
Balance at the end of the year	**1,249,849**	**5,056,820**

During 2011, "Sale—Maturity of securities" includes sales of GGBs of € 505.6 million. The significant deterioration in the issuer's creditworthiness, an isolated event that could not have been

25. Investment securities (Continued)

anticipated when securities were acquired and initially classified, beyond the Bank's control and non-recurring, altered the Bank's strategy and sold these bonds. Therefore, these sales meet IAS 39 rules and there is no need to apply the tainting provisions.

	31 December 2011	31 December 2010
Current investments securities (up to 1 year)	2,251,846	924,608
Non current investments securities (more than 1 year)	1,455,327	5,757,249
Total of investments securities	**3,707,173**	**6,681,857**

26. Reclassification of financial assets

The Investment portfolio as at 31/12/2011 includes shares, mutual funds and bonds, which have been reclassified during the financial years 2008 and 2010 from the "Trading securities" portfolio. Specifically, the "Available for sale securities" portfolio as at 31/12/2011 includes shares and mutual funds with fair value of € 10.4 million. The revaluation loss of € 10 million for 2011 has been recognized in the "Available for Sale reserve". In 2011, due to the impairment of the above mentioned shares and mutual funds, a reserve of € 34.6 million was recycled in the Income Statement. Moreover, the "Available for sale securities" portfolio as at 31/12/2011 includes bonds with fair value of € 63.9 million. The revaluation loss of € 78.5 million for 2011 was initially recognized in the "Available for Sale reserve" and then, due to Piraeus Bank participation in the revised Private Sector Involvement programme (PSI+) a reserve of € 89.8 million was recycled in the Income Statement of the year.

"Held to Maturity" portfolio as at 31/12/2011 includes bonds with fair value of € 150.1 million (amortized cost € 200.5 million), which have been reclassified from "Trading securities" portfolio during the financial year 2008. If these bonds had not been reclassified, a revaluation loss of € 187.1 million would have been recognized in the "Net trading Income" of 2011. Due to Piraeus Bank participation in the revised Private Sector Involvement programme (PSI+) an impairment loss of € 394 million was recognized in the Income Statement of the year.

"Debt securities—receivables" portfolio as at 31/12/2011 includes bonds with fair value of € 249.0 million (amortized cost of € 262.3 million) which have been reclassified from the "Available for sale securities" portfolio during the financial years 2008 and 2010. "Loans and advances to credit institutions" portfolio includes bank bonds with fair value of € 6.1 million (amortized cost € 5.6 million), which have been reclassified from the "Available for sale securities" portfolio during the financial year 2008. If these bonds had not been reclassified, a revaluation loss of € 493.3 million would have been recognized in the "Available for sale reserve" of 2011. A loss of € 1.0 million from the sale of reclassified bonds has been recognized in the Income Statement of 2011. Due to Piraeus Bank participation in the revised Private Sector Involvement programme (PSI+) an impairment loss of € 716.2 million was recognized in the Income Statement of the year.

27. Investments in subsidiaries and associate companies

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

A) Subsidiaries companies (full consolidation method)

a/a	Name of Company	Activity	% holding	Country	Unaudited tax years
1.	Marathon Banking Corporation	Banking activities	98.43%	U.S.A	2008-2011
2.	Tirana Bank I.B.C. S.A.	Banking activities	98.48%	Albania	2009-2011
3.	Piraeus Bank Romania S.A.	Banking activities	100.00%	Romania	2007-2011
4.	Piraeus Bank Beograd A.D.	Banking activities	100.00%	Serbia	2006-2011
5.	Piraeus Bank Bulgaria A.D.	Banking activities	99.98%	Bulgaria	2010-2011

27. Investments in subsidiaries and associate companies (Continued)

a/a	Name of Company	Activity	% holding	Country	Unaudited tax years
6.	JSC Piraeus Bank ICB	Banking activities	99.99%	Ukraine	2011
7.	Piraeus Bank Cyprus LTD	Banking activities	100.00%	Cyprus	2007-2011
8.	Piraeus Asset Management Europe S.A.	Mutual funds management	100.00%	Luxemburg	—
9.	Piraeus Leasing Romania S.R.L.	Finance leases	100.00%	Romania	2003-2011
10.	Piraeus Insurance & Reinsurance Brokerage S.A.	Insurance and reinsurance brokerage	100.00%	Greece	2010-2011
11.	Tirana Leasing S.A.	Finance leases	100.00%	Albania	2010-2011
12.	Piraeus Securities S.A.	Stock exchange operations	100.00%	Greece	2006-2011
13.	Piraeus Group Capital LTD	Debt securities issue	100.00%	United Kingdom	—
14.	Piraeus Leasing Bulgaria EAD	Finance leases	100.00%	Bulgaria	2008-2011
15.	Piraeus Auto Leasing Bulgaria EAD	Auto leases	100.00%	Bulgaria	2008-2011
16.	Piraeus Group Finance P.L.C.	Debt securities issue	100.00%	United Kingdom	2010-2011
17.	Piraeus Factoring S.A.	Corporate factoring	100.00%	Greece	2010-2011
18.	Picar S.A.	City link areas management	100.00%	Greece	2010-2011
19.	Bulfina S.A.	Property management	100.00%	Bulgaria	2008-2011
20.	General Construction & Development Co. S.A.	Property development/holding company	66.67%	Greece	2010-2011
21.	Piraeus Direct Services S.A.	Call center services	100.00%	Greece	2010-2011
22.	Komotini Real Estate Development S.A.	Property management	100.00%	Greece	2010-2011
23.	Piraeus Real Estate S.A.	Construction company	100.00%	Greece	2010-2011
24.	ND Development S.A.	Property management	100.00%	Greece	2010-2011
25.	Property Horizon S.A.	Property management	100.00%	Greece	2010-2011
26.	ET VA Industrial Parks S.A.	Development/management of industrial areas	65.00%	Greece	2010-2011
27.	Piraeus Development S.A.	Property management	100.00%	Greece	2010-2011
28.	Piraeus Asset Management S.A.	Mutual funds management	100.00%	Greece	2010-2011
29.	Piraeus Buildings S.A.	Property development	100.00%	Greece	2010-2011
30.	Estia Mortgage Finance PLC	SPE for securitization of mortgage loans	—	United Kingdom	—
31.	Euroinvestment & Finance Public LTD	Asset management, real estate operations	90.89%	Cyprus	2006-2011
32.	Lakkos Mikelli Real Estate LTD	Property management	50.66%	Cyprus	2009-2011
33.	Philoktimatiki Public LTD	Land and property development	53.31%	Cyprus	2009-2011
34.	Philoktimatiki Ergoliptiki LTD	Construction company	53.31%	Cyprus	2008-2011
35.	New Evolution S.A.	Property, tourism & development company	100.00%	Greece	2010-2011
36.	Imperial Stockbrokers Limited	Stock exchange operations	100.00%	Cyprus	2007-2011
37.	Imperial Eurobrokers Limited	Stock exchange operations	100.00%	Cyprus	2008-2011
38.	EMF Investors Limited	Investment company	100.00%	Cyprus	2008-2011
39.	Euroinvestment Mutual Funds Limited	Mutual funds management	100.00%	Cyprus	2007-2011
40.	Bull Fund Limited	Investment company	100.00%	Cyprus	2008-2011
41.	Piraeus Green Investments S.A.	Holding company	100.00%	Greece	2011
42.	New Up Dating Development Real Estate and Tourism S.A.	Property, tourism & development company	100.00%	Greece	2005-2011
43.	Sunholdings Properties Company LTD	Land and property development	26.66%	Cyprus	2008-2011
44.	Piraeus Cards S.A.	Financial services and consultancy	100.00%	Greece	2010-2011
45.	Polytropon Properties Limited	Land and property development	39.98%	Cyprus	2008-2011
46.	Capital Investments & Finance S.A.	Investment company	100.00%	Liberia	—
47.	Maples Invest & Holding S.A.	Investment company	100.00%	British Virgin Islands	—
48.	Margetson Invest & Finance S.A.	Investment company	100.00%	British Virgin Islands	—
49.	Vitria Investments S.A.	Investment company	100.00%	Panama	—

27. Investments in subsidiaries and associate companies (Continued)

a/a	Name of Company	Activity	% holding	Country	Unaudited tax years
50.	Piraeus Insurance Brokerage EOOD	Insurance brokerage	99.98%	Bulgaria	2007-2011
51.	Trieris Real Estate Management LTD	Management of Trieris Real Estate Ltd	100.00%	British Virgin Islands	—
52.	Piraeus Insurance Reinsurance Broker Romania S.R.L.	Insurance and reinsurance brokerage	100.00%	Romania	2009-2011
53.	Piraeus Real Estate Consultants S.R.L.	Construction company	100.00%	Romania	2007-2011
54.	Piraeus Leases S.A.	Finance leases	100.00%	Greece	2007-2011
55.	Multicollection S.A.	Assessment and collection of commercial debts	51.00%	Greece	2009-2011
56.	Olympic Commercial & Tourist Enterprises S.A.	Oper.leases—Rent-a-Car and long term rental of vehicl.	94.98%	Greece	2009-2011
57.	Piraeus Rent Doo Beograd	Operating leases	100.00%	Serbia	2007-2011
58.	Estia Mortgage Finance II PLC	SPE for securitization of mortgage loans	—	United Kingdom	—
59.	Piraeus Leasing Doo Beograd	Finance leases	100.00%	Serbia	2007-2011
60.	Piraeus Real Estate Consultants Doo	Construction company	100.00%	Serbia	2008-2011
61.	Piraeus Real Estate Bulgaria EOOD	Construction company	100.00%	Bulgaria	2007-2011
62.	Piraeus Real Estate Egypt LLC	Construction company	99.80%	Egypt	2007-2011
63.	Piraeus Best Leasing Bulgaria EAD	Auto Leases	99.98%	Bulgaria	2007-2011
64.	Piraeus Insurance Agency S.A.	Insurance—agency	100.00%	Greece	2008-2011
65.	Piraeus Capital Management S.A.	Venture capital fund	100.00%	Greece	2010-2011
66.	Estia Mortgage Finance II I PLC	SPE for securitization of mortgage loans	—	United Kingdom	—
67.	Axia Finance PLC	SPE for securitization of corporate loans	—	United Kingdom	—
68.	Piraeus Wealth Management A.E.P.E.Y.	Wealth management	65.00%	Greece	2010-2011
69.	Praxis Finance PLC	SPE for securitization of consumer loans	—	United Kingdom	—
70.	Axia Finance III PLC	SPE for securitization of corporate loans	—	United Kingdom	—
71.	Praxis II Finance PLC	SPE for securitization of consumer loans	—	United Kingdom	—
72.	Axia III APC LIMITED	SPE for securitization of corporate loans	—	United Kingdom	—
73.	Praxis II APC LIMITED	SPE for securitization of consumer loans	—	United Kingdom	—
74.	PROSPECT N.E.P.A.	Yachting management	100.00%	Greece	2010-2011
75.	R.E Anodus LTD	Consultancy serv. for real estate develop. and inv.	100.00%	Cyprus	2009-2011
76.	Pleiades Estate S.A.	Property management	100.00%	Greece	2010-2011
77.	Solum Ltd Liability Co.	Property management	100.00%	Ukraine	2009-2011
78.	Piraeus (Cyprus) Insurance Brokerage Ltd	Insurance brokerage	100.00%	Cyprus	2009-2011
79.	O .F. Investments Ltd	Investment company	100.00%	Cyprus	2010-2011
80.	DI.VI.PA.KA S.A.	Administrative and managerial body of the Kastoria industrial park	57.53%	Greece	2010-2011
81.	Piraeus Equity Partners Ltd	Holding company	100.00%	Cyprus	2011
82.	Piraeus Equity Advisors Ltd	Investment advise	100.00%	Cyprus	2009-2011
83.	Achaia Clauss E state S.A	Property management	74.47%	Greece	2009-2011
84.	Piraeus Equity Investment Management Ltd	Investment management	100.00%	Cyprus	2009-2011
85.	Piraeus FI Holding Ltd	Holding company	100.00%	British Virgin Islands	—
86.	Piraeus Master GP Holding Ltd	Investment advice	100.00%	British Virgin Islands	—

27. Investments in subsidiaries and associate companies (Continued)

a/a	Name of Company	Activity	% holding	Country	Unaudited tax years
87.	Piraeus Clean Energy GP Ltd	General partner of Piraeus Clean Energy LP	100.00%	Cyprus	2008-2011
88.	Piraeus Wealth Management (Switzerland) S.A.	Wealth management	42.25%	Switzerland	—
89.	Curdart Holding Ltd	Holding company	100.00%	Cyprus	2009-2011
90.	Piraeus Clean Energy LP	Renewable Energy Investment Fund	100.00%	United Kingdom	2010-2011
91.	Piraeus Clean Energy Holdings LTD	Holding company	100.00%	Cyprus	2010-2011
92.	Visa Rent A Car	Rent a car company	94.98%	Greece	2010-2011
93.	Adflikton Investments LTD	Property management	100.00%	Cyprus	2009-2011
94.	Cospleon Investments LTD	Property management	100.00%	Cyprus	2010-2011
95.	Cutsofiar Enterprises LTD	Property management	100.00%	Cyprus	2010-2011
96.	Gravieron Company LTD	Property management	100.00%	Cyprus	2008-2011
97.	Kaihur Investments LTD	Property management	100.00%	Cyprus	2007-2011
98.	Pertanam Enterprises LTD	Property management	100.00%	Cyprus	2007-2011
99.	Rockory Enterprises LTD	Property management	100.00%	Cyprus	2010-2011
100.	Topuni Investments LTD	Property management	100.00%	Cyprus	2007-2011
101.	Albalate Company LTD	Property management	100.00%	Cyprus	2011
102.	Akimoria Enterprises LTD	Property management	100.00%	Cyprus	2011
103.	Alarconarco Enterprises LTD	Property management	100.00%	Cyprus	2011
104.	Kosmopolis A' Shopping Centers S.A.	Shopping Center's Management	100.00%	Greece	2010-2011
105.	Parking Kosmopolis S.A.	Parking Management	100.00%	Greece	2010-2011
106.	Zibeno Investments Ltd	Holding Company	83.00%	Cyprus	2011
107.	Bulfinace E.A.D.	Property Management	100.00%	Bulgaria	2008-2011

Companies numbered 30, 58, 66-67 and 69-73 are special purpose vehicles for securitization of loans and issuance of debt securities. Companies numbered 43, 45 and 88 although presenting less than 50% holding percentage, are subsidiaries due to existence of control.

The company numbered 66 is under liquidation because the third securitisation of mortgage loans was called back (note 37) in February 2011. Also, as at 31/12/2011 the companies numbered 29, 46-49, 55 and 60 were under liquidation, though company 88 was under disolution.

27. Investments in subsidiaries and associate companies (Continued)

B) Associate companies (equity accounting method)

a/a	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	2010-2011
2.	Evros' Development Company S.A.	European community programs management	30.00%	Greece	2010-2011
3.	Project on Line S.A.	Information technology & software	40.00%	Greece	2010-2011
4.	APE Commercial Property Real Estate Tourist and Development S.A.	Holding company	27.80%	Greece	2010-2011
5.	APE Fixed Assets Real Estate Tourist and Development S.A.	Real estate, development/tourist services	27.80%	Greece	2010-2011
6.	Trieris Real Estate LTD	Property management	22.94%	British Virgin Islands	—
7.	European Reliance Gen. Insurance Co. S.A.	General and life insurance and reinsurance	30.23%	Greece	2010-2011
8.	APE Investment Property S.A.	Real estate, development/ tourist services	27.20%	Greece	2010-2011
9.	Sciens International Investments & Holding S.A.	Holding company	28.10%	Greece	2010-2011
10.	Ekathariseis Aktoploias S.A.	Ticket settlements	49.00%	Greece	2011
11.	Trastor Real Estate Investment Company	Real estate investment property	33.80%	Greece	2006-2011
12.	Euroterra S.A.	Property management	39.22%	Greece	2010-2011
13.	Rebikat S.A.	Property management	40.00%	Greece	2010-2011
14.	Abies S.A.	Property management	40.00%	Greece	2010-2011
15.	ACT Services S.A.	Accounting and tax consulting	49.00%	Greece	2010-2011
16.	Exodus S.A.	Information technology & software	50.10%	Greece	2010-2011
17.	Good Works Energy Photovoltaics S.A.	Construction & operation PV solar projects	33.15%	Greece	2005-2011
18.	Entropia Ktimatiki S.A.	Property Management	33.30%	Greece	2010-2011
19.	Piraeus—TANEO Capital Fund	Venture capital fund	50.01%	Greece	—

The company numbered 16 is included in the associate companies' portfolio, as Piraeus Bank Group owns 40.10% of the voting rights. The company numbered 10 is under liquidation as at 31/12/2011. The company numbered 19 is included in the associate companies' portfolio, due to the fact that Piraeus Bank Group exercises significant influence on the investing committee of the fund, which takes the investment decisions.

The changes in the portfolio of subsidiaries and associates are referred at note 49.

In case that the financial statements of associate companies are approved at a later date than the date the Group's consolidated financial statements are approved, draft financial data of these associate companies is consolidated under the equity method of accounting.

27. Investments in subsidiaries and associate companies (Continued)

C) Subsidiaries and associates companies from discontinued operations

Piraeus Bank Group companies that are included in discontinued operations are analyzed below. Companies numbered 1-7 were consolidated as subsidiaries with full consolidation method and companies number 8-9 as associate companies with equity accounting method.

a/a	Name of Company	Activity	% holding	Country	Unaudited tax years
1.	Piraeus Bank Egypt S.A.E.	Banking activities	98.03%	Egypt	2003-2011
2.	Piraeus Egypt Leasing Co.	Finance leases	98.03%	Egypt	2007-2011
3.	Piraeus—Egypt Asset Management Co.	Property administration	98.03%	Egypt	2005-2011
4.	Piraeus Egypt for Securities Brokerage Co.	Stock exchange operations	98.02%	Egypt	2007-2011
5.	Piraeus Insurance Brokerage Egypt	Insurance brokerage	96.01%	Egypt	2008-2011
6.	Integrated Services Systems Co.	Warehouse & mail distribution management	96.99%	Egypt	2004-2011
7.	Piraeus Bank Egypt Investment Company	Investment company	97.93%	Egypt	2007-2011
8.	Alexandria for Development & Investment	Investment company	21.57%	Egypt	2008-2011
9.	Nile Shoes Company	Footwear seller-manufacturer	38.56%	Egypt	2003-2011

The movement of investment in associates is analysed as follows:

	31 December 2011	31 December 2010
Opening balance	211,796	184,024
Opening balance from discontinued operations	(1,559)	—
Additions	46,156	15,146
Disposals	(1,377)	(979)
Share of profit/(loss) after tax	(31,341)	11,570
Transfer from subsidiaries companies	265	3,497
Transfers from available for sale portfolio (note 25)	7,130	—
Transfers to available for sale portfolio (note 25)	(15,151)	—
Share in dividends paid	(2,987)	(3,137)
Impairment	—	(83)
Foreign exchange differences	1,709	1,758
Balance at the end of the year	**214,642**	**211,796**

27. Investments in subsidiaries and associate companies (Continued)

A) Associates companies from continuing operations

Company	Country	31 December 2011				
		Participation %	Profit/ (Loss) before tax	Total revenues	Total assets	Total liabilities
CRETE SCIENT. & TECH. PARK MANAG. & DEV. CO. S.A.	Greece	30.45%	1	35	186	4
"EVROS" DEVELOPMENT COMPANY S.A.	Greece	30.00%	(87)	2,117	2,188	2,127
PROJECT ON LINE S.A.	Greece	40.00%	(47)	1,074	155	676
APE COMMERCIAL PROPERTY REAL ESTATE TOURIST AND DEVELOPMENT S.A.	Greece	27.80%	2,944	162	70,712	5
APE FIXED ASSETS REAL ESTATE TOURIST AND DEVELOPMENT S.A	Greece	27.80%	27,786	8	72,148	235
TRIERIS REAL ESTATE LTD	British Virgin Islands	22.94%	(1,311)	682	51,278	19,992
EUROPEAN RELIANCE GEN. INSURANCE CO. S.A.	Greece	30.23%	4,051	141,164	256,704	217,045
APE INVESTMENT PROPERTY S.A.	Greece	27.20%	(4,689)	17	152,013	137,291
SCIENS INTERNATIONAL INVESTMENTS & HOLDING S.A.	Greece	28.10%	(95,275)	(86,412)	230,875	112,454
EKATHARISEIS AKTOPLOIAS S.A.	Greece	49.00%	0	—	40	3
TRASTOR REAL ESTATE INVESTMENT COMPANY	Greece	33.80%	(131)	2,683	103,926	8,457
EUROTERRA S.A.	Greece	39.22%	9,164	351	127,658	10,323
REBIKAT S.A.	Greece	40.00%	(3,519)	—	18,222	0
ABIES S.A.	Greece	40.00%	(26)	67	2,314	19
ACT SERVICES S.A. (former PIRAEUS ATFS S.A.)	Greece	49.00%	89	2,568	1,141	812
EXODUS S.A.	Greece	50.10%	838	7,205	10,102	5,894
GOOD WORKS ENERGY PHOTOVOLTAICS S.A.	Greece	33.15%	(58)	0	278	69
ENTROPIA KTIMATIKI S.A.	Greece	33.30%	(20)	0	29,657	7,004
PIRAEUS-TANEO CAPITAL FUND	Greece	50.01%	0	0	15,915	1,001

B) Associates companies from discontinued operations

Company	Country	31 December 2011				
		Participation %	Profit/ (Loss) before tax	Total revenues	Total assets	Total liabilities
ALEXANDRIA FOR DEVELOPMENT & INVESTMENT	Egypt	21.57%	137	259	9,257	4,444
NILE SHOES COMPANY	Egypt	38.56%	27	1,040	1,349	52

According to stock market prices of 31/12/2011, the fair value of the Bank's shareholding to associate listed companies is as follows: European Reliance Gen. Insurance Co. S.A. € 3.5 million,

27. Investments in subsidiaries and associate companies (Continued)

Sciens International Investments & Holding S.A. € 14.4 million and Trastor Real Estate Investment Company €12 million.

		31 December 2010				
Company	**Country**	**Participation %**	**Profit/(Loss) before tax**	**Total revenues**	**Total assets**	**Total liabilities**
CRETE SCIENT. & TECH. PARK MANAG. & DEV. CO. S.A.	Greece	30.45%	(7)	35	189	9
"EVROS" DEVELOPMENT COMPANY S.A.	Greece	30.00%	23	2,191	1,664	1,516
PROJECT ON LINE S.A.	Greece	40.00%	(79)	1,336	970	1,443
ALEXANDRIA FOR DEVELOPMENT AND INVESTMENT	Egypt	21.57%	229	438	9,155	4,545
NILE SHOES COMPANY	Egypt	38.56%	50	1,533	1,299	59
APE COMMERCIAL PROPERTY REAL ESTATE TOURIST AND DEVELOPMENT S.A.	Greece	27.80%	(2,051)	177	70,806	66,117
APE FIXED ASSETS REAL ESTATE TOURIST AND DEVELOPMENT S.A	Greece	27.80%	(1,690)	9	40,908	41,734
TRIERIS REAL ESTATE LTD	British Virgin Islands	22.80%	(844)	753	32,668	9
EUROPEAN RELIANCE GEN. INSURANCE CO. S.A.	Greece	30.23%	4,652	126,052	228,250	190,162
APE INVESTMENT PROPERTY S.A.	Greece	27.20%	(4,647)	8	143,129	133,718
SCIENS INTERNATIONAL INVESTMENTS & HOLDING S.A.	Greece	28.10%	(35,008)	(26,159)	355,906	140,307
EKATHARISEIS AKTOPLOIAS S.A.	Greece	49.00%	(13)	0	40	3
TRASTOR REAL ESTATE INVESTMENT COMPANY	Greece	33.80%	(4,226)	(1,744)	111,163	9,602
EUROTERRA S.A.	Greece	29.22%	10,864	372	117,096	9,425
REBIKAT S.A.	Greece	30.00%	(27)	0	21,745	4
ABIES S.A.	Greece	30.00%	(53)	57	2,332	11
ATLANTIC INSURANCE COMPANY PUBLIC LTD	Cyprus	21.70%	4,850	20,980	56,533	24,549
ACT SERVICES S.A. (former PIRAEUS ATFS S.A.)	Greece	49.00%	99	1,666	869	397
EXODUS S.A.	Greece	50.10%	3	5,761	9,304	5,751

28. Balance sheet—Discontinued operations

The assets and liabilities of Piraeus Bank Egypt Group, which is classified as discontinued operations are analysed as follows:

	31 December 2011
ASSETS	
Cash and balances with Central Banks	113,092
Loans and advances to credit institutions	203,351
Trading securities	2,339
Loans and advances to customers and debt securities receivables (net of provisions)	670,047
Available for sale securities	77,371
Held to maturity	11,181
Investments in associated undertakings	1,406
Intangible assets	23,481
Property, plant and equipment	37,448
Assets held for sale	1,091
Other assets	16,409
Total Assets	**1,157,214**
LIABILITIES	
Due to credit institutions	49,159
Due to customers	930,172
Retirement benefit obligations	5,805
Other provisions	1,486
Current income tax liabilities	799
Deferred tax liabilities	3
Other liabilities	19,917
Total Liabilities	**1,007,341**

29. Intangible assets

2010

Cost	Goodwill	Software	Other intangible	Total
Opening balance as at 1 January 2010	193,090	192,758	92,521	478,370
Balance of subsidiaries companies that sold, dispoded or changed portfolio	(1,089)	(5,863)	—	(6,952)
Additions	35,761	23,870	3,590	63,220
Transfers	—	22,274	1,067	23,341
Write-offs/disposals	—	(1,351)	(49)	(1,400)
Impairment	(5,251)	—	—	(5,251)
Foreign exchange differences	863	40	1,198	2,102
Cost as at 31 December 2010	**223,374**	**231,728**	**98,327**	**553,429**
Accumulated depreciation				
Opening balance as at 1 January 2010	—	(94,305)	(44,905)	(139,211)
Balance of subsidiaries companies that sold, dispoded or changed portfolio	—	3,341	—	3,341
Charge for the year	—	(22,692)	(11,576)	(34,268)
Write-offs/disposals	—	1,076	44	1,120
Foreign exchange differences	—	164	(267)	(104)
Accumulated depreciation as at 31 December 2010	**0**	**(112,416)**	**(56,705)**	**(169,121)**
Net book value as at 31 December 2010	**223,374**	**119,312**	**41,623**	**384,308**

29. Intangible assets (Continued)

2011

Cost	Goodwill	Software	Other intangible	Total
Opening balance as at 1 January 2011	223,374	231,728	98,327	553,429
Opening balance from discontinued operations	(13,289)	(15,184)	—	(28,473)
Balance of subsidiaries companies that sold, dispoded or changed portfolio	20	—	—	20
Opening balance of new subsidiaries on the date of acquisition	—	30	—	30
Additions	22,146	22,183	2,115	46,443
Transfers	—	19,582	16,969	36,550
Write-offs/disposals	(1)	(1,135)	(5)	(1,141)
Impairment of goodwill	(83,267)	—	—	(83,267)
Foreign exchange differences	466	(88)	257	635
Cost as at 31 December 2011	**149,448**	**257,116**	**117,663**	**524,226**
Accumulated depreciation				
Opening balance as at 1 January 2011	—	(112,416)	(56,705)	(169,121)
Opening balance from discontinued operations	—	4,052	(994)	3,058
Balance of subsidiaries companies that sold, dispoded or changed portfolio	—	—	—	0
Opening balance of new subsidiaries on the date of acquisition	—	(27)	—	(27)
Charge for the year	—	(24,550)	(9,179)	(33,729)
Write-offs/disposals	—	1,105	5	1,110
Foreign exchange differences	—	145	(209)	(64)
Accumulated depreciation as at 31 December 2011	**0**	**(131,692)**	**(67,082)**	**(198,773)**
Net book value as at 31 December 2011	**149,448**	**125,424**	**50,581**	**325,453**

Out of total additions in goodwill during 2011, amount of € 19.94 million relates to Kosmopolis A' Shopping Centers S.A., amount of € 1.13 million relates to Parking Kosmopolis S.A. and an amount of € 0.98 million relates to Visa Rent A Car.

Goodwill is examined for impairment on an annual basis or more often if there are trigers of permanent impairment. During 2011, as a result of the impairment testing on goodwill, arised an expense of amount € 83.3 million that concerns the subsidiary company JSC Piraeus Bank ICB and property management companies. The above mentioned impairment loss is mainly due to the current financial conditions and specifically due to the reduced expected cash flows of the abovementioned entities, that result in lower recoverable amounts compared to the respective carrying values.

30. Property, plant and equipment

2010

Cost	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Opening balance as at 1 January 2010	331,038	346,011	68,348	453,231	307,324	1,505,952
Balance of subsidiaries companies that sold, dispoded or changed portfolio	—	(1,687)	—	(12)	(1,369)	(3,067)
Opening balance of new subsidiaries on the date of acquisition	—	580	—	5,041	—	5,622
Additions	33,249	14,440	43,486	77,143	8,341	176,659
Transfers	1,285	3,102	(30,987)	481	2,982	(23,137)
Disposals	(24,927)	(1,099)	(430)	(63,342)	(964)	(90,762)
Write—offs/impairment	—	(1,299)	(90)	(1,581)	(4,516)	(7,485)
Foreign exchange differences	1,175	(1,178)	141	40	(26)	152
Cost as at 31 December 2010	**341,821**	**358,871**	**80,467**	**471,003**	**311,772**	**1,563,933**
Accumulated depreciation						
Opening balance as at 1 January 2010	(37,039)	(231,423)	—	(137,078)	(113,141)	(518,682)
Balance of subsidiaries companies that sold, dispoded or changed portfolio	—	1,611	—	7	1,018	2,636
Opening balance of new subsidiaries on the date of acquisition	—	(543)	—	(4,861)	—	(5,404)
Charge for the year	(10,866)	(29,114)	—	(55,900)	(16,904)	(112,783)
Transfers	(16)	1	—	(33)	—	(49)
Disposals	150	773	—	29,450	657	31,029
Write—offs/impairment	—	1,196	—	781	3,341	5,318
Foreign exchange differences	37	968	—	21	(4)	1,022
Accumulated depreciation 31 December 2010	**(47,734)**	**(256,531)**	**0**	**(167,614)**	**(125,034)**	**(596,912)**
Net book value as at 31 December 2010	**294,087**	**102,340**	**80,467**	**303,389**	**186,739**	**967,023**

The above total depreciation charge for the year 2010 (€ 112,783 thousand) for tangible assets includes depreciation of Olympic Commercial & Tourist Enterprises of € 52,463 thousand which is included in "Other operating income" of the Consolidated Income Statement while is not included depreciation of subsidiaries of € 326 thousand, which were transfered to the portfolio of associates during 2010.

30. Property, plant and equipment (Continued)

2011

Cost	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Opening balance as at 1 January 2011	341,821	358,871	80,467	471,003	311,772	1,563,933
Opening balance from discontinued operations	(37,447)	(15,887)	(2,347)	(1,194)	(13,428)	(70,303)
Balance of subsidiaries companies that sold, dispoded or changed portfolio	—	—	(69)	—	—	(69)
Opening balance of new subsidiaries on the date of acquisition	780	255	—	2,401	51	3,487
Additions	26,911	16,682	35,031	72,881	8,625	160,129
Transfers	1,877	1,837	(39,513)	(17,625)	(5,817)	(59,242)
Disposals	(1,181)	(2,569)	(317)	(68,813)	(3,805)	(76,684)
Write-offs/impairment	—	(3,300)	(973)	(1,899)	(10,703)	(16,875)
Foreign exchange differences	(132)	194	687	(266)	(99)	384
Cost as at 31 December 2011	**332,629**	**356,082**	**72,966**	**456,488**	**286,595**	**1,504,760**
Accumulated depreciation						
Opening balance as at 1 January 2011	(47,734)	(256,531)	—	(167,614)	(125,034)	(596,912)
Opening balance from discontinued operations	6,169	10,998	—	668	8,445	26,281
Balance of subsidiaries companies that sold, dispoded or changed portfolio	—	—	—	—	—	0
Opening balance of new subsidiaries on the date of acquisition	(19)	(173)	—	(744)	(9)	(945)
Charge for the year	(6,294)	(24,993)	—	(52,257)	(19,688)	(103,232)
Transfers	(910)	(168)	—	10,571	3,285	12,778
Disposals	169	415	—	34,984	3,291	38,859
Write-offs/impairment	—	3,206	—	730	10,317	14,253
Foreign exchange differences	44	767	—	148	(45)	913
Accumulated depreciation 31 December 2011	**(48,574)**	**(266,479)**	**0**	**(173,514)**	**(119,438)**	**(608,004)**
Net book value as at 31 December 2011	**284,055**	**89,603**	**72,966**	**282,974**	**167,157**	**896,756**

During 2011, impairment of fixed assets amounting to € 0.7 million was conducted.

The above total depreciation charge for the year 2011 (€ 103,232 thousand) for tangible assets includes depreciation of Olympic Commercial & Tourist Enterprises of € 48,379 thousand which is included in "Other operating income" of the Consolidated Income Statement.

31. Investment property

	2011	2010
Opening balance	927,129	819,894
Balance of subsidiaries companies that sold, dispoded or changed portfolio	—	(19,363)
Opening balance of new subsidiaries on the date of acquisition	22,150	53,057
Revaluation of investment property	(91,432)	24,026
Additions	26,769	18,091
Transfers	(1,736)	37,650
Disposals	(5,962)	(5,790)
Other adjustments	593	(435)
Balance at the end of the year	**877,512**	**927,129**

31. Investment property (Continued)

Investment property is presented at fair value, as this is estimated by certified independent valuers on an annual basis. Fair value is determined by the market prices or if market prices are not available, valuation models are used as described in section 2.16. The total fair value of investment property under finance leases as at 31/12/2011 is € 394.5 million (2010: € 491.6 million).

Rental income from investment property amounts to € 27,187 thousand (2010: € 18,073 thousand). Operating expenses of investment property that is rented to third parties equal to € 2,251 thousand (2010: € 3,464 thousand).

32. Assets Held for sale

Opening balance as at 1/1/2010	**101,771**
Additions	11,610
Transfers to subsidiaries	(61,978)
Disposals	(27,389)
Impairment	(963)
Writte-offs	(285)
Currency translation differences	477
Balance as at 31/12/2010	**23,242**

Opening balance as at 1/1/2011	**23,242**
Opening balance from discontinued operations	(884)
Additions	9,834
Transfers to subsidiaries	(2,440)
Tranfers to inventories property	(8,063)
Tranfers to investment properties	377
Disposals	(7,292)
Impairment	(828)
Writte-offs	—
Currency translation differences	75
Balance as at 31/12/2011	**14,021**

During 2011, the loss from the sale of assets was € 475 thousand (2010: loss € 947 thousand) which was included in the profit and loss statement in line "Gains/(Losses) from held for sale".

Within 2011, the real estate company Kosmopolis A' Shopping Centers S.A. that had initially been classified in the "Assets held for sale" portfolio was transferred to the subsidiaries portfolio as the criteria specified by IFRS 5 are no longer met. As at 31/12/2011, assets held for sale include mainly properties of subsidiaries in Bulgaria, Romania, Serbia and Ukraine, for which sale procedure is lengthy and it is expected to be finalised in 2011.

33. Other assets

	31 December 2011	31 December 2010
Inventories—property	264,891	199,504
Inventories—property	**264,891**	**199,504**
Prepaid expenses and accrued income	113,560	182,495
Prepaid taxes and taxes withheld	136,175	110,814
Claims from tax authorities and the State	174,485	210,442
Inventories—cars	26,664	34,477
Credit cards	54,079	54,122
Receivables from third parties	109,827	111,797
Other items	400,605	328,065
Other receivables	**1,015,395**	**1,032,212**
Other assets	**1,280,286**	**1,231,716**
Current other assets (up to 1 year)	696,771	783,145
Non current other assets (more than 1 year)	583,515	448,571
Total	**1,280,286**	**1,231,716**

Inventories property as at 31/12/2011 include property of ETVA Industrial Parks S.A. of amount € 115.7 million (2010: € 117.3 million) and property acquired by the Bank or by Group subsidiaries through auctions of amount € 144.3 million (2010: € 76.3 million), as well as inventories property of real estate subsidiaries of total amount of € 4.9 million (2010: € 5.9 million). Other items include debit balances that result from the daily transactions of the Group.

In 2011, the Group made transfers a) from/to "Inventories—property" an amount of € 3.1 million and b) from/to "Inventories—cars" an amount of € 8.6 million.

The Bank has timely filed a recourse for the years 2008 and 2009 before the competent administrative courts, the arguments of which are adequately strong and legitimate (taking also into consideration the relevant opinion of the Legal Advisor), against the negative view of the Greek Tax Authorities for the utilization of or the return of credit balances (€ 28.4 million and € 52.6 million respectively) which arose from specially taxed income (interest on bonds etc) issued domestically or abroad.

34. Due to credit institutions

	31 December 2011	31 December 2010
Amounts due to central banks	22,301,703	17,444,050
Deposits from other banks	482,466	1,658,425
Repurchase agreement—credit institutions	2,446,281	500,770
Other obligations to banks	183,149	327,024
	25,413,598	**19,930,269**
Current due to banks (up to 1 year)	24,684,872	19,790,356
Non current due to banks (more than 1 year)	728,726	139,913
	25,413,598	**19,930,269**

Balances due to credit institutions bear floating rates.

Due to credit institutions includes refinancing operations through repo transactions within the eurosystem amounting to € 22.3 billion (31/12/2010: € 17.2 billion). The increase of the raised liquidity of the bank from Eurosystem through the available refinancing operations with collaterals, during the

34. Due to credit institutions (Continued)

year of 2011, displays the decreased overall liquidity within the Greek banking system (reduction of deposits).

35. Liabilities at fair value through profit or loss

As at 31/12/2011, the open short positions for Greek Government bonds and treasury bills & other eligible bills, had a fair value of € 18.47 million. The open short positions result from the trading activity in the secondary market, with short term nature, within the scope of managing the Group's positions.

As at 31/12/2011, the reduction in the balance of "Liabilities at fair value through profit or loss" is due to the settlement of the open short positions for bonds within the scope of the upcoming participation of the Bank to the revised private sector involvement programme (PSI+).

36. Due to customers

	31 December 2011	31 December 2010
Current and sight deposits	4,168,540	4,706,558
Savings account	2,866,294	3,676,013
Term deposits	14,382,454	20,633,524
Other accounts	187,810	237,584
Repurchase agreements	190,579	221,319
	21,795,677	**29,474,998**
Current due to customers (up to 1 year)	21,176,955	28,685,240
Non current due to customers (more than 1 year)	618,722	789,758
	21,795,677	**29,474,998**

Other accounts include cheques payable of € 77.1 million (2010: € 80.5 million). Customer deposits (excluding cheques payable and repos) with floating rates are € 6,777.2 million (2010: € 8,029.3 million) and with fixed rate are € 14,750.8 million (2010: € 21,143.9 million).

As at 31/12/2011, the reduction in the balance of "Due to customers" is due to the large outflow of deposits from the Greek banking system, mainly due to the uncertainty resulting from the further deterioration of the economic conditions in Greece, the downgradings of Greece's credit rating, the reduction in the credit expansion, as well as the need to cover increased tax obligations and operating expenses by retail and corporate customers.

37. Debt securities in issue

		31 December 2011	31 December 2010
ETBA bonds		**4,015**	**124,355**
Euro Commercial Paper (Short term securities)		**—**	**46,875**
		0	**46,875**
Euro Medium Term Note (Medium/long term securities)	**Interest rate (%)**		
€ 60 m. floating rate notes due 2015	Variable	60,000	60,000
€ 500 m. floating rate notes due 2011	Euribor + 0.25%	—	422,837
€ 5.05 m. floating rate notes due 2011	Variable	—	3,750
€ 20 m. floating rate notes due 2012	Euribor + 0.20%	19,996	19,989
€ 500 m. fixed rate notes due 2011	Fixed 4.5%	—	488,473
€ 500 m. fixed rate notes due 2012	Fixed 4.0%	355,576	469,569
€ 50.3 m. fixed rate notes due 2012	Fixed 4.0%	38,228	54,136
€ 25.5 m. fixed rate notes due 2013	Fixed 4.5%	19,977	26,462
Accrued interest and other expenses		4,914	22,018
		498,691	**1,567,234**
Securitisation of mortgage loans	**Average Interest rate (%)**		
€ 750 m. floating rate notes due 2040	Euribor + 0.18%	190,867	242,601
€ 1,250 m. floating rate notes due 2054	Euribor + 0.18%	574,471	678,553
		765,338	**921,154**
Total debt securities in issue		**1,268,045**	**2,659,618**
Current debt securities in issue (up to 1 year)		417,695	1,079,718
Non current debt securities in issue (more than 1 year)		850,349	1,579,900
Total debt securities in issue		**1,268,045**	**2,659,618**

Issuance under the Euro Commercial Paper and Euro Medium Term Note programs is undertaken through Piraeus Group Finance PLC, a subsidiary of Piraeus Bank Group. Information concerning the new issues of debt securities during the year 2011, which have been retained by the Bank, are presented below:

In February 2011 Piraeus Bank issued its 3-year floating rate senior bond in the amount of € 950 million. The bond was issued with the unconditional guarantee of the Hellenic Republic under Art. 2 of Law 3723/2008 through Piraeus Bank's Euro Medium Term Note (EMTN) programme. The bond pays a floating rate coupon of 3M Euribor plus 1000bps. In May the bond was re-tapped in the amount of € 800 million with the same terms and conditions increasing the final outstanding amount to € 1,750 million. The bond has been retained by Piraeus Bank.

In February 2011 Piraeus Bank issued its 3-year covered bond in the amount of € 1,250 million. The bond has a 10 year extension period and pays a floating rate coupon of 1M Euribor plus 100bps. The bond has been retained by Piraeus Bank.

In November 2011 Piraeus Bank issued two 3-month floating rate senior bonds in the total amount of € 3,250 million. The bonds were issued with the unconditional guarantee of the Hellenic Republic under Art. 2 of Law 3723/2008 through Piraeus Bank's Euro Medium Term Note (EMTN) programme. Both bonds pay a floating rate coupon of 3M Euribor plus 1200bps. Both bonds have been retained by Piraeus Bank.

It should be noted that 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

37. Debt securities in issue (Continued)

securitisation of € 725 million and € 558 million respectively, continue to be retained by Piraeus Bank. The third securitisation of mortgage loans in the amount of € 800 million, was called back in February 2011 and the first leasing receivables securitisation in the amount of € 540 million was called back in March 2011.

38. Hybrid capital and other borrowed funds

Hybrid capital (Tier I)	Interest rate	31 December 2011	31 December 2010
	(%)		
€ 200 m. floating rate notes due 2034	Euribor + 1.25%	158,636	158,636
Accrued interest and other expenses		965	803
		159,601	**159,439**
Subordinated debt (Tier II)			
€ 400 m. floating rate notes due 2016	Euribor + 0.55%	333,038	346,028
Accrued interest and other expenses		2,345	1,117
		335,383	**347,145**
Other borrowed funds (USD)		**3,984**	**3,858**
Total hybrid capital and other borrowed funds		**498,968**	**510,442**

Accrued interest on hybrid capital and other borrowed funds is included in the respective amounts of hybrid capital and other borrowed funds. The Bank was not in default of any payments of principal, interest or redemption amounts of the aforementioned hybrid capital and other borrowed funds.

39. Other liabilities

	31 December 2011	31 December 2010
Prepaid income and accrued expenses	89,147	128,083
Obligations under finance leases	266,687	249,686
Transactions with Interbank Systems (DIAS)	22,470	22,662
Withholding taxes and contributions	40,216	47,519
Creditors	85,061	92,032
Other liability accounts	145,193	295,856
	648,774	**835,838**
Current other liabilities (up to 1 year)	324,528	540,310
Non current other liabilities (more than 1 year)	324,246	295,528
	648,774	**835,838**

Other liability accounts include mainly credit balances that result from the daily transactions of the Group.

39. Other liabilities (Continued)

The liability arising from the finance lease of the Group is analyzed as follows:

	31 December 2011	31 December 2010
Gross liabilities from finance leases		
Up to 1 year	10,854	10,311
From 1 to 5 years	56,682	42,088
More than 5 years	2,190,674	2,215,661
	2,258,210	**2,268,060**
Finance expense	(1,991,523)	(2,018,374)
Net liabilities from finance leases	**266,687**	**249,686**

Net liabilities from finance leases may be analyzed as follows:

	31 December 2011	31 December 2010
Up to 1 year	20,362	18,620
From 1 to 5 years	83,879	88,949
More than 5 years	162,446	142,116
	266,687	**249,686**

Obligations under finance leases mainly consist of the liability (€ 254.7 million) arising from the finance lease agreement for the Citylink building by the Group subsidiary Picar SA, of total duration fifty two years.

40. Other provisions

	31 December 2011	31 December 2010
Opening balance	19,817	18,089
Opening balance from discontinued operations	(766)	—
Opening balance of subsidiaries companies that sold, dispoded or changed portfolio	—	(7)
Charge for the year	2,759	3,819
Usage of provisions	(283)	(540)
Foreign exchange differences	(3,225)	(1,543)
Balance at the end of the year	**18,303**	**19,817**

41. Deferred tax

Deferred income taxes for the Group are calculated on all temporary differences under the liability method. The nominal tax rates of Group subsidiaries are different compared to the nominal tax rate of the Bank (note 16).

41. Deferred tax (Continued)

Deferred income tax assets and liabilites are attributable to the following items:

	31 December 2011	31 December 2010
Deferred tax liabilities		
Pensions and other post retirement benefits	(226)	(345)
Impairment of loans and receivables	12,956	14,899
Other provisions	204	(472)
Securities valuation	(104)	779
Recognition of commision according to effective interest rate calculation	(2,068)	(880)
Investment property valuation	9,656	19,869
Depreciation of property, plant and equipment	18,805	13,230
Intangible assets	(167)	(51)
Adjustment of nominal tax rates	(36)	—
Recognition of tax losses	(1,099)	(13,777)
Impairment of securities	(44)	—
Deferred tax liability of purchase price allocation exercise	1,129	1,827
Other deferred tax items	7,634	6,831
	46,640	**41,910**
Deferred tax assets		
Pensions and other post retirement benefits	25,581	35,579
Impairment of loans and receivables	322,918	111,495
Other provisions	9,408	5,388
Securities valuation	140,958	197,086
Derivative financial instruments valuation	(3,495)	10,671
Recognition of commision according to effective interest rate calculation	9,632	9,366
Investment property valuation	(10,943)	(22,503)
Depreciation of property, plant and equipment	(17,523)	(15,443)
Intangible assets	(30,608)	(32,028)
Adjustment of nominal tax rates	3,483	—
Recognition of tax losses	90,152	17,177
Impairment of Greek government bonds	654,066	—
Impairment of securities	(638)	651
Other deferred tax items	(14,999)	(19,557)
	1,177,992	**297,882**
Net deferred tax asset	**1,131,352**	**255,972**

The movement of the net deferred tax asset is as follows:

	2011	2010
Net deferred tax asset as at 1 January	**255,972**	**142,594**
Net deferred tax asset/(liability) due to changes in the portfolio of subsidiaries	1,186	(1,515)
Effect of deferred tax on profit or loss from continuing operations	938,377	57,070
Effect of deferred tax on profit or loss from discontinued operations	—	(201)
Available for sale portfolio securities	(76,265)	52,438
Deferred tax on return on preference shares	—	4,802
Deferred tax on expenses of share capital increase	10,615	—
Currency translation effect	1,467	787
Net deferred tax asset as at 31 December	**1,131,352**	**255,972**

41. Deferred tax (Continued)

The movement of deferred tax in profit and loss for the year (note 16) is analysed as follows:

	1/1-31/12/2011	1/1-31/12/2010
Deferred tax (Income Statement)		
Pensions and other post retirement benefits	(10,122)	(1,284)
Impairment of loans and receivables	213,366	77,205
Other provisions	3,344	(1,178)
Securities valuation	21,020	12,944
Derivative financial instruments valuation	(14,166)	(1,834)
Recognition of commision according to effective interest rate calculation	1,453	(939)
Investment property valuation	21,773	5,970
Depreciation of property, plant and equipment	(7,585)	(12,191)
Intangible assets	(9,079)	(7,375)
Adjustment of nominal tax rates	3,519	—
Recognition of tax losses	59,042	10,930
Impairment of Greek government bonds	654,066	—
Impairment of securities	(1,245)	—
Deferred tax of purchase price allocation exercise	499	761
Foreign exchange differences and other temporary differences	2,492	(25,940)
	938,377	**57,070**

During the year 2011, a) deferred tax of amount € 76,265 thousands relating to valuation of the available for sale securities did not affect the profit and loss for the year, but instead recorded under the available for sale reserve according to the relevant IFRS regulations and b) an amount of € 10,615 thousands regarding return on preference shares of Piraeus Bank amounting to € 53,074 thousands, did not affect the profit and loss for the year, but instead affected share premium reserve. Deferred tax movement was also affected by foreign exchange differences of amount € 1,466 thousands, as well as by changes in the portfolio of subsidiaries and associates of € 1,186 thousands. Specifically, the deferred tax balances of new companies and companies which were sold or presented changes within the portfolio of 2011, affected deferred tax on categories "Pensions and other post retirement benefits", "recognition of tax losses", "depreciation of property, plant and equipment" and "other deferred tax items".

Deferred tax assets due to tax losses are recognized only when it is probable that taxable profits will be available, against which these tax losses can be utilized.

Measurement and Recognition of Deferred Tax on GGBs impairment Loss

DTA on PSI losses has been calculated and recognized based on the best estimates of the management of the Bank, regarding the evolution of its tax profit in the foreseeable future, along with the nature and the ability to recover these losses according to the greek tax regime at the end of 2011.

As a result, deferred tax income of € 421 million approximately was not recognized in 2011 profit & loss account and consequently in the equity of the Bank and the Group.

42. Retirement benefit obligations

The total liability of Piraeus Bank Group relating to retirement benefit obligations and the relevant charge in profit and loss for the years 2011 and 2010 are presented below:

	2011	2010
Retirement benefit obligations as at 1 January	**209,489**	**202,460**
Opening balance of new subsidiaries on the date of acquisition and of subsidiaries that sold, dispoded or changed portfolio	30	(465)
Movement for the year (note 13)	28,035	31,452
Contributions paid	(64,351)	(24,514)
Currency translation differences and provision for outstanding annual leaves	(348)	557
Retirement benefit obligations as at 31 December	**172,855**	**209,489**

The amount of contributions paid during 2011 included the use amount of € 39 million to cover the program through an insurance company

1) Piraeus Bank

The defined benefit obligation is calculated based on actuary studied from independent actuary using the 'projected unit credit method', according to which, the charge for pension plans to the Income Statement is allocated over the service lives of the related employees. The defined benefit obligation is determined by the present value of cash outflows using interest rates of high quality corporate bonds which have terms to maturity approximating the terms of the related liability.

	31 December 2011	31 December 2010
Amounts recognised in the balance sheet		
Pension schemes—funded	57,142	58,948
Other post retirement benefits—not funded	81,759	118,628
	138,901	**177,576**
Benefits due to mergers	159	159
Total obligation	**139,060**	**177,735**

	1/1-31/12/2011	1/1-31/12/2010
Income statement		
Pension schemes—funded	(13,210)	(3,443)
Other post retirement benefits—not funded	(11,535)	(23,172)
	(24,745)	**(26,615)**

A) Pension schemes—funded

The amounts recognised in the balance sheet are determined as follows:

	31 December 2011	31 December 2010
Present value of funded obligations	90,156	72,362
Fair value of plan assets	(35,846)	(13,060)
	54,310	**59,303**
Unrecognised actuarial (losses)/gains	3,936	(5,750)
Unrecognised past service cost	(1,104)	5,396
Liability in the balance sheet	**57,142**	**58,948**

42. Retirement benefit obligations (Continued)

Although, TEAPETE is no longer among funded benefits since 2006, it is featured as part of funded benefits for comparison purposes. The Bank applied Law 3371/2005 in order to transfer the insured and the retired of TEAPETE into the Special Auxiliary Pension Fund for the Salaried (ETEAM) and the Pension Fund for Bank Employees (ETAT). The total cost was initially specified at € 59.6 million (€ 9.7 million to ETEAM and € 49.9 million to ETAT) on the basis of a special financial study stipulated by law and was ratified by the Parliament with Law 3455/2006, article 26 (Official Gazette 84, bulletin A' 18/4/2006). This amount was agreed to be paid in 10 equal instalments of € 7.1 million each. Out of these instalments, the 7 installments were paid until 31/12/2011. The obligation, which is the present value of the other 3 instalments, amounts to € 18,1 million as at 31/12/2011.

The amounts recognised in the income statement are as follows:

	1/1-31/12/2011	1/1-31/12/2010
Pension schemes—Income statement		
Current service cost	(4,460)	(2,786)
Interest cost	(6,454)	(3,759)
Expected return on plan assets	616	777
Recognition of actuarial (losses)/gains	(444)	1,971
Past-Services Cost	(5,130)	354
Settlement/Curtailment/Termination Loss/(Gain)	2,662	—
Total, included in staff costs	**(13,210)**	**(3,443)**

The movement of the defined benefit obligation for the years 2011 and 2010 is analysed as follows:

	31 December 2011	31 December 2010
Opening balance	**72,362**	**94,758**
Opening balance including the Loyalty Plan of 2011	52,375	—
Current service cost	4,460	2,786
Interest cost	6,454	3,759
Contributions by plan participants	1,483	1,610
Benefits paid from the fund	(20,015)	(6,814)
Benefits paid directly by the employer	(7,615)	(7,134)
Settlement/Curtailment/Termination Loss/(Gain)	(1,663)	—
Past-Services Cost	(5,091)	(5,749)
Net actuarial (gains)/losses recognised for the year	(12,594)	(10,854)
Closing balance	**90,156**	**72,362**

For one of the post retirement benefit plans, it was decided:

i) the modification of the benefits structure and their reduction from 01.01.2011, that affected both the accrued and the future obligations of the plan. This change generated "past service gain" of € 5.1 million, which has been disclosed and will be recognized gradually, starting from 2011, while at the same time the "Income Statement Account" for 2011 was recalculated, taking into account the new reduced benefits

ii) to be provided through an insurance contract, resulting in its classification as at 31.12.2011 in funded schemes (versus unfunded).

42. Retirement benefit obligations (Continued)

The movement of the fair value of plan assets of the years 2011 and 2010 is analysed as follows:

	31 December 2011	31 December 2010
Opening balance	**13,059**	**17,537**
Expected return on plan assets	616	777
Employer contributions	42,738	2,647
Employee contributions	1,483	1,610
Benefits paid from the fund	(20,015)	(6,814)
Assets gains/(losses)	(2,036)	(2,698)
Closing balance	**35,846**	**13,059**

The movement of the liability recognized in the balance sheet is analysed as follows:

	31 December 2011	31 December 2010
Opening balance	**58,948**	**65,286**
Opening balance including the Loyalty Plan of 2011	35,337	—
Movement for the year	13,210	3,443
Contributions paid by the employer	(42,738)	(2,647)
Benefits paid directly by the employer	(7,615)	(7,134)
Closing balance	**57,142**	**58,948**

B) Other post retirement benefits—not funded

The amounts recognised in the balance sheet are as follows:

	31 December 2011	31 December 2010
Present value of unfunded obligations	67,102	137,546
Unrecognised actuarial (losses)/gains	16,786	6,407
Unrecognized past service cost	(2,128)	(25,325)
Liability in the balance sheet	**81,759**	**118,628**

The movement in the defined benefit obligation for the years 2011 and 2010 is analysed as follows:

	31 December 2011	31 December 2010
Opening balance	**137,545**	**158,749**
Opening balance without the Loyalty Plan of 2011	(52,374)	—
Current service cost	3,748	8,283
Interest cost	3,056	5,457
Benefits paid by the employer	(13,067)	(12,370)
Settlement/Curtailment/Termination Loss/(Gain)	3,523	2,053
Past service cost	(4,309)	85
Actuarial (gains)/losses recognised fot the year	(11,019)	(24,711)
End of year	**67,102**	**137,545**

42. Retirement benefit obligations (Continued)

The amounts recognised in the income statements of 2011 and 2010 are as follows:

	1/1-31/12/2011	1/1-31/12/2010
Income Statement		
Current service cost	(3,748)	(8,283)
Interest cost	(3,056)	(5,457)
Recognition of actuarial (losses)/gains	285	16
Past service cost recognized	(2,166)	(8,280)
Settlement/Curtailment/Termination Loss/(Gain)	(2,850)	(1,168)
Total, included in staff costs	**(11,535)**	**(23,172)**

The movement in the liability recognised in the balance sheet is as follows:

	31 December 2011	31 December 2010
Opening balance	**118,628**	**107,826**
Opening balance without the Loyalty Plan of 2011	(35,337)	—
Movement for the year	11,535	23,172
Benefits paid by the employer	(13,067)	(12,370)
Closing balance	**81,759**	**118,628**

The pricipal actuarial assumptions used for the funded and not funded benefits were as follows:

	31 December 2011	31 December 2010
Discount rate	5.00%	5.00%
Expected return on plan assets	5.00%	5.00%
Future increase of salaries	2.00%	2.50%

The income statement account for 2011 was recalculated, taking into account the new assumptions and estimates for the increases in salaries by 2% instead of 2.5%. The same assumptions were used for the recalculation of the actuarial obligation and the actuarial gains/losses as at 1/1/2011.

The provisioning policy for compensations due to departure from service was specified in 2011 according to the relevant regulations of law 2112 and the individual contracts, and the relevant past service gain of € 4.3 million was disclosed and will be recognized gradually from 2012 and thereafter.

2) Subsidiaries

For the estimation of the liability relating to defined benefit obligation plans of Group's subsidiaries an actuarial study has been carried out. The total amount of the liability from continuing operations related to the Group subsidiaries is € 33,797 thousand (2010: € 31,755 thousand). The total charge in profit and loss for the year 2011 resulting from the defined benefit obligation plans of the Bank, is € 24,745 thousand (2010: € 26,615 thousand) and the continuing operations of the Group subsidiaries is € 3,291 thousand (2010: € 3,345 thousand).

43. Contingent liabilites and commitments

A) Legal procedures

The legal proceedings outstanding against the Group as at 31/12/2011 are not expected to have any significant impact on the financial statements of the Group, according to the opinion of the legal affairs division of the Bank and its subsidiaries. The Group's provision for outstanding litigations amounts to € 2.4 million from continuing operations and € 0.4 million from discontinued operations.

43. Contingent liabilites and commitments (Continued)

B) Credit commitments

As at 31/12/2011 the Group had the following capital commitments:

	31 December 2011	31 December 2010
Letters of guarantee	2,571,736	2,872,163
Letters of credit	53,841	129,312
Commitments to extent credit	1,737,346	3,609,990
	4,362,923	**6,611,465**

C) Assets pledged

	31 December 2011	31 December 2010
Balances with central banks	567	384
Trading securities	385,626	365,514
Investment securities	3,013,094	6,001,136
Debt securities held by the Group own issue	14,702,402	13,152,339
Loans and advances to customers and debt securities receivables	12,485,612	6,361,742
	30,587,302	**25,881,114**

In the "Debt securities held by the Group own issue" category, an amount of € 14,582 million refers to securities that had been issued with the unconditional guarantee of the Hellenic Republic and an amount of € 121 million refers to securities derived from the securitization of mortgage, consumer and corporate loans. The prementioned securities are not included in assets.

D) Operating lease commitments

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

	31 December 2011	31 December 2010
Up to 1 year	44,767	44,732
From 1 to 5 years	174,827	177,753
More than 5 years	329,636	331,916
	549,230	**554,401**

44. Share capital

	Share Capital	Share Premium	Treasury Shares	Total
Opening balance at 1st January 2010	**1,974,020**	**927,739**	**(123)**	**2,901,636**
Reduction of the nominal value of ordinary shares	(1,503,138)	1,503,138	—	0
(Purchases)/sales of treasury shares	—	—	(8,667)	(8,667)
Balance at 31st December 2010	**470,882**	**2,430,877**	**(8,790)**	**2,892,969**

44. Share capital (Continued)

	Share Capital	Share Premium	Treasury Shares	Total
Opening balance at 1st January 2011	**470,882**	**2,430,877**	**(8,790)**	**2,892,969**
Increase of share capital through cash payment	242,116	522,478	—	764,594
Issue of preference shares	380,000	—	—	380,000
(Purchases)/sales of treasury shares and preemption rights	—	—	8,598	8,598
Balance at 31st December 2011	**1,092,998**	**2,953,355**	**(192)**	**4,046,161**

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 1st January 2010	**413,840,653**	**(14,451)**	**413,826,202**
Purchases of treasury shares	—	(2,624,000)	(2,624,000)
Sales of treasury shares	—	14,278	14,278
Balance at 31st December 2010	**413,840,653**	**(2,624,173)**	**411,216,480**

	Number of shares		
	Issued shares	Treasury shares	Net number of shares
Opening balance at 1st January 2011	**413,840,653**	**(2,624,173)**	**411,216,480**
Issue of ordinary shares	807,054,045	—	807,054,045
Acquisition of treasury shares due to share capital increase	—	(3,872,743)	(3,872,743)
Purchases of treasury shares and preemption rights	—	(17,823,643)	(17,823,643)
Sales of treasury shares and preemption rights	—	23,911,771	23,911,771
Issue of preference shares	1,266,666,666	—	1,266,666,666
Balance at 31 December 2011	**2,487,561,364**	**(408,788)**	**2,487,152,576**

On 1/1/2011 the Bank's share capital amounted to € 470,881,754.88, divided to 336,272,519 ordinary registered shares with voting rights, each with a nominal value of € 0.30 and 77,568,134 preference shares without voting rights L.3723/2008, each with a nominal value of € 4.77.

The Board of Directors on January 3, 2011 resolved upon the increase of the Bank's share capital by an amount of € 242,116,213.50 through payment in cash and the granting of a pre-emption right to the existing ordinary shareholders at a subscription ratio of 12 new shares for every 5 existing ordinary registered shares and at subscription price of € 1 per new share. The share capital increase concluded on January 31, 2011 with the issuance of 807,054,045 new ordinary registered shares of nominal value € 0.30 each. The Share premium reserve increased by € 522,478,236.59 after the deduction of the expenses related to the share capital increase and the prespective deferred tax.

On December 23, 2011 the Shareholders Meeting resolved upon the Bank's share capital increase, and the cancellation of the pre-emption right of the existing shareholders in favour of the Greek State, by contribution in kind in accordance with the provisions of L. 3723/2008 on "Enhancing the liquidity of the economy and addressing the impact of the global financial crisis". The share capital increase by € 379,999,999.80 concluded on December 30, 2011 with the issuance of 1,266,666,666 new preferred shares, that have been undertaken by the Greek State, of nominal value € 0.30 each. Expenses of € 4,180,000 related to share capital increase reduced Retained earnings.

Following this increase (and taking into consideration the next paragraph), the Bank's share capital as of 31/12/2011 amounted to € 1,092,997,968.18, divided into 1,143,326,564 ordinary voting registered shares, each with a nominal value of € 0.30 and (a) 77,568,134 preferred non voting shares, each with a

44. Share capital (Continued)

nominal value of € 4.77 and (b) 1,266,666,666 preferred non voting shares, each with a nominal value of € 0.30.

Pursuant to the Ordinary Shareholders Meeting resolution dated 20/5/2011, an increase of the nominal value of each common share was decided from thirty cents (€ 0.30) to one euro and twenty cents (€ 1.20) with a reduction of the number of common shares of the Bank from one billion one hundred and forty three million three hundred and twenty six thousand five hundred and sixty four (1,143,326,564) to two hundred and eighty five million eight hundred and thirty one thousand six hundred and forty one (285,831,641) (reverse split). The new common shares that were issued following the aforesaid reverse split are not yet traded in the Athens Exchange. After the completion of the regulatory procedures the Bank's share capital will amount to € 1,092,997,968.18, divided into 285,831,641 ordinary voting registered shares, each with a nominal value of € 1.20 and (a) 77,568,134 preferred non voting shares, each with a nominal value of € 4.77 and (b) 1,266,666,666 preferred non voting shares, each with a nominal value of € 0.30.

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). Treasury shares transactions are carried out by the Group subsidiary Piraeus Securities S.A. through its activities relating to its role as a market maker.

45. Other reserves and retained earnings

	31 December 2011	31 December 2010
Legal reserve	104,149	100,488
Extraodinary reserve	1,822	1,821
Available for sale reserve	(67,924)	(342,714)
Currency translation reserve	(179,659)	(183,972)
Other reserves	10,554	(8,468)
Amounts recognized directly in equity relating to non-current assets from discontinued operations	(14,529)	—
Total other reserves	**(145,587)**	**(432,845)**
Retained earnings	(5,975,642)	672,687
Total other reserves and retained earnings	**(6,121,229)**	**239,842**

45. Other reserves and retained earnings (Continued)

In the "Amounts recognized directly in equity relating to non-current assets from discontinued operations" category the "Available for sale reserve" and the "Currency translation reserve" from discontinued operations is included.

	31 December 2011	31 December 2010
Other reserves movement		
Opening balance for the year	(432,845)	(218,195)
Movement of available for sale reserve	274,791	(184,953)
Formation of legal reserve	3,662	4,944
Formation of other reserves	18,934	(13,193)
Foreign exchange differences and other adjustments	4,401	(21,448)
Amounts recognized directly in equity relating to non-current assets from discontinued operations	(14,529)	—
Closing balance for the year	**(145,587)**	**(432,845)**
Available for sale reserve movement		
Opening balance for the year	(342,714)	(157,762)
Opening balance from discontinued operations	2,864	—
Gains/(losses) from the valuation of bonds	(260,331)	(199,666)
Gains/(losses) from the valuation of shares and mutual funds	(93,170)	(67,229)
Recycling to income statement of Greek government bonds impairment	428,125	—
Recycling to income statement of shares, mutual funds and bonds impairment (without Greek government bonds)	267,190	—
Deferred income tax	(76,366)	49,574
Recycling of the accumulated fair value adjustment of disposed securities	(82)	480
Depreciation of accumulated impairment of tranferred bonds	6,741	20,289
Foreign exchange differences and other movements	(180)	11,600
Closing balance for the year	**(67,923)**	**(342,714)**

During the year 2011, loss of € 9.5 million, attributable to the valuation of the interest rate risk of hedged available for sale bonds, has been recognized directly in the income statement of the year.

Recycling to income statement of Greek government bonds impairment includes impairment of € 54 million that relates to reclassified in previous financial years bonds. These reclassified bonds are reported under held to maturity portfolio and debt securities - receivables as at 31/12/2011.

	31 December 2011	31 December 2010
Retained earnings movement		
Opening balance for the year	672,687	782,619
Premium on equity instrument	—	(67,805)
Profit/(loss) after tax attributable to the owners of the parent entity	(6,613,379)	(20,474)
Prior year dividends of preference shares	—	(18,006)
Profit/(loss) from sales of treasury shares	(7,534)	29
Share capital increase expenses	(4,180)	—
Transfer between other reserves and retained earnings	(22,596)	8,249
Acquisitions, disposals, absorptions, liquidations and movement in subsidiaries holding	(454)	(11,822)
Other movements	(185)	(103)
Closing balance for the year	**(5,975,641)**	**672,687**

46. Dividend per share

Pursuant to article 1 of Law 3723/2008, Banks, for as long as they participate in the enhancement of liquidity scheme of this Law, are not allowed to distribute dividends higher than the minimum amount set by the provisions of article 3, Law 148/1967. Moreover, article 3, paragraph 3c of Law 4063/2012 (FEK A' 71/30.3.2012) states that in case of distributing any dividends to the shareholders for the year 2011, this will be strictly limited to distribution of shares, which should not result from buy back procedure.

In addition, the State representatives participating in the Board of Directors of the abovementioned Banks, have the right to veto on any resolution related to the distribution of dividends.

Since there are no distributable profits or relevant amounts related to reserves to be distributed pursuant to the provisions of the Articles of Association and the Law (article 44a of Law 2190/1920), the payment of dividends by cash or shares for the fiscal year 2011 is not allowed. Therefore, the Management of the Bank will not propose in the Annual Ordinary General Meeting of Shareholders during 2012, the distribution of dividends for ordinary as well as for preference shares.

The accrued dividend of preference shares for the year 2011, which will not be distributed, amounts to € 37.0 million (€ 29.6 million after tax).

The Shareholders General Meeting, that took place on 20/5/2011, resolved, pursuant to the aforementioned legally binding provisions, not to distribute any dividends to the shareholders of ordinary preference shares for the year 2010. Therefore, prior year balances relating to preference shares dividends have been adjusted for comparability purposes.

47. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise of the following balances with less than 90 days maturity from the date of their acquisition.

	31 December 2011	31 December 2010
Cash and balances with central banks (note 19)	2,125,138	2,555,094
Loans and advances to credit institutions (note 20)	291,610	1,445,429
Trading securities (note 22)	39,944	34,406
	2,456,692	**4,034,929**

48. Related party transactions

Related parties include a) Members of the Bank's Board of Directors and key management personnel of the Bank, b) Close family and financially dependants (husbands, wives, children etc) of 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 20%.

	Board of Directors members and key management personnel	
	31 December 2011	31 December 2010
Loans	130,510	130,521
Deposits	27,692	40,025

Letters of guarantee and letters of credit to the members of the Board of Directors and to the key management personnel as at 31/12/2011 are € 1.2 million (31/12/2010: € 2.3 million). The total income that relates to members of the Board of Directors and to key management personnel for the year 2011 is € 5.2 million (31/12/2010: € 4.3 million). The total expense that relates to the prementioned related parties for the year 2011 is € 1.3 million (31/12/2010: € 0.8 million).

48. Related party transactions (Continued)

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.

Director's Remuneration	1/1-31/12/2011	1/1-31/12/2010
Salaries and other remuneration	4,848	4,662
Termination benefits or vesting of benefits	4,356	3,491
	9,204	**8,153**

The aggregate provisions for benefit plans to Members of the Board of Directors and key management personnel, following the secession or the vesting of benefits of particular management personnel and the adjustments that took place in the current year, amount to € 23.9 million as at 31/12/2011 (31/12/2010: € 31.6 million). The full amount of the above provisions has been included in the retirement benefit obligation (note 42).

	Associates	
	31 December 2011	31 December 2010
Deposits	47,246	49,347
Loans and advances to customers	100,655	58,564

	1/1-31/12/2011	1/1-31/12/2010
Interest/expense	(1,866)	(1,928)
Interest/income	3,666	2,158

49. Changes in the portfolio of subsidiaries and associates

In the period from 1/1/2011 to 31/12/2011, the following changes took place in the Group's portfolio of subsidiaries and associates:

a) Acquisitions - Increases of participation:

In March 2011, Piraeus Bank Cyprus LTD, 100% subsidiary of Piraeus Bank S.A., increased its shareholding in Euroinvestment & Finance Public LTD through the purchase of 394 shares with the amount of € 0.26 thousand, increasing its shareholding percentage from 0.004% to 0.007%, without having a significant influence in the Group's shareholding percentage to the company (90.86%).

During the first quarter of 2011, Piraeus Bank S.A. increased its shareholding percentage by 10% in associates, Euroterra S.A. to 39.22% with the amount of € 7.67 million, Rebikat S.A. to 40% with the amount of € 0.35 million and Abies S.A. to 40% with the amount of € 0.45 million.

On 31/5/2011, Piraeus Bank S.A. bought 2,716 shares of Marathon Banking Corporation, with the amount of € 1.91 million, increasing its shareholding percentage from 96.24% to 98.43%.

On April and May 2011, Piraeus Bank Cyprus LTD, 100% subsidiary of Piraeus Bank S.A., increased its shareholding percentage in Euroinvestment & Finance Public LTD by 0.03% with the amount of € 2.6 thousand. As a result, Piraeus Bank Cyprus LTD increased its shareholding percentage from 0.01% to 0.04%, increasing simultaneously the Group's shareholding percentage from 90.86% to 90.89%.

On 30/9/2011, Piraeus Bank S.A. bought 26,355 shares of Achaia Clauss Estate S.A., with the amount of € 642 thousand, increasing its shareholding percentage from 74.36% to 74.47%.

49. Changes in the portfolio of subsidiaries and associates (Continued)

On 30/10/2011, Piraeus Bank Egypt S.A.E., 98.03% subsidiary of Piraeus Bank S.A., increased its shareholding percentage in Piraeus—Egypt Asset Management Co. through the purchase of 395 shares with the amount of € 47.13 thousand. As a result, Piraeus Bank Egypt S.A.E. increased its direct shareholding percentage from 89.88% to 99.75%, increasing simultaneously the Group's shareholding percentage from 88.35% to 98.03%.

On 19/12/2011, Piraeus Bank S.A. increased its participation in Tirana Bank I.C.B. S.A. through the purchase of 3,777 shares with the amount of € 1.20 million, increasing its shareholding percentage from 96.71% to 98.00%.

On 20/12/2011, Piraeus Bank S.A. purchased from its 100% subsidiary Pireaus Direct Services S.A. 146,758 shares of Piraeus Cards S.A., 100% Group's subsidiary, with the amount of € 440 thousand. As a result, Piraeus Bank S.A. increased its direct shareholding percentage in Piraeus Cards S.A. from 59.16% to 100%, without altering Group's shareholding percentage (100%).

On 14/06/2011, Bulfina EAD, 100% subsidiary of Piraeus Bank S.A., acquired 250 shares of Bulfinace EAD with the amount of € 12,8 thousand. Therefore, Group's shareholding percentage of Bulfinace EAD increased from 50% to 100%.

b) Acquisitions-Establishments:

Piraeus FI Holding LTD, 100% subsidiary of Piraeus Equity Partners LTD, acquired Piraeus Clean Energy LP with the amount of € 0.5 thousand.

Piraeus Clean Energy LP, 100% subsidiary of Piraeus FI Holding LTD, acquired 100% of Piraeus Clean Energy Holdings LTD, with the amount of € 1 thousand.

On 20/4/2011, R.E. Anodus LTD, 100% subsidiary of Piraeus Bank S.A. acquired 33.3% of Entropia Ktimatiki S.A. with the amount of€ 4.74 million. Entropia Ktimatiki S.A. participates in associates' portfolio.

On 27/6/2011, Piraeus Bank Cyprus LTD, 100% subsidiary of Piraeus Bank S.A., acquired 100% of Adflikton Investments LTD, Cospleon Investments LTD, Cutsofiar Enterprises LTD, Rockory Enterprises LTD, Albalate Company LTD, Akimoria Enterprises LTD, Alarconarco Enterprises LTD with the amount of € 1 thousand for each and Gravieron Company LTD, Kaihur Investments LTD, Pertanam Enterprises LTD, Topuni Investments LTD with the amount of € 2 thousand for each. The above companies will operate at property management sector.

On 28/7/2011, Olympic Commercial & Tourist Enterprises S.A., 94.98% subsidiary of Piraeus Bank S.A., acquired 100% of Visa Rent A Car with the amount of € 0.10 thousand.

On 1/11/2011, Piraeus Clean Energy Holdings LTD, 100% Group's subsidiary, acquired 100% of Zibeno Investments LTD, with the amount of € 1 thousand.

c) Participation in the share capital increases/decreases:

O.F. Investments Ltd increased its share capital with the amount of € 110 thousand. The amount was fully covered on 1/2/2011 by Piraeus Equity Partners Ltd, 100% subsidiary of Piraeus Bank S.A., acquiring in this way 44% of O.F. Investments Ltd. As a result, Piraeus Bank's S.A. shareholding percentage to the company reduced from 100% to 56%.

Good Works Energy Photovoltaics S.A. increased its share capital with the amount of € 160 thousand. On 2/2/2011 ETVA Industrial Parks S.A., 65% subsidiary of Piraeus Bank S.A., covered its shareholding ratio in the share capital increase of Good Works Energy Photovoltaics S.A. through payment of € 81.6 thousand without altering company's and Group's shareholding of 51% and 33.15% respectively.

On 7/2/2011 Good Works Energy Photovoltaics S.A. fully covered the share capital increases of its direct participations as follows: Phoebe Energy Photovoltaics S.A. with the amount of

49. Changes in the portfolio of subsidiaries and associates (Continued)

€ 31 thousand, Iapetos Energy Photovoltaics S.A. with the amount of € 38 thousand, Orion Energy Photovoltaics S.A. with the amount of € 31 thousand and Astraios Energy Photovoltaics S.A. with the amount of € 30 thousand. Thus, Good Works Energy Photovoltaics' S.A. shareholding percentage in each of the above companies increased from 99.98% to 99.99%, whereas the Group's shareholding percentage in the above companies reduced from 33.16% to 33.15%.

On 9/3/2011 Piraeus Bank S.A. fully covered the share capital increase of New Up Dating Development S.A. with the amount of € 350 thousand, increasing its direct shareholding from 0.17% to 5.67%. Piraeus Real Estate S.A., 100% subsidiary of Piraeus Bank S.A., holds the rest shareholding percentage of 94.33%.

Euroterra S.A., associate of Piraeus Bank S.A. increased its share capital with the amount of € 499.98 thousand. On 30/3/2011 Piraeus Bank S.A. covered its shareholding percentage in the share capital increase with the amount of € 146.07 thousand without altering its shareholding (29.22%).

Piraeus Wealth Management A.E.P.E.Y., 65% subsidiary of Piraeus Bank S.A., increased its share capital with the amount of € 6.50 million. On 5/4/2011 Piraeus Bank S.A., covered its shareholding percentage in the share capital increase with the amount of € 4.23 million, without altering its shareholding percentage (65%).

On 19/5/2011 and 6/6/2011 Piraeus Bank S.A., fully covered the share capital increase of its 99.98% subsidiary JSC Piraeus Bank ICB, with the amount of € 69.52 million, increasing in this way its shareholding percentage to 99.99%.

APE Investment Property S.A., associate of Piraeus Bank S.A., increased its share capital with the amount of €10.00 million. On 29/6/2011 Piraeus Bank S.A. covered its shareholding percentage in the share capital increase with the amount of € 2.72 million, without altering its shareholding percentage of 27.2%.

On 11/7/2011 APE Commercial Property Real Estate Tourist and Development S.A., 27.80% associate of Piraeus Bank S.A., increased its share capital with the amount of € 63.20 million. Piraeus Bank S.A., covered its shareholding percentage in the share capital increase with the amount of € 17.57 million, without altering its shareholding percentage (27.80%).

On 11/7/2011 APE Fixed Assets Real Estate Tourist and Development S.A., 27.80% associate of Piraeus Bank S.A., increased its share capital with the amount of € 45 million. Piraeus Bank S.A., covered its shareholding percentage in the share capital increase with the amount of € 12.51 million, without altering its shareholding percentage (27.80%).

On 8/9/2011, Olympic Commercial & Tourist Enterprises S.A., 94.98% subsidiary of Piraeus Bank S.A., fully covered the share capital increase of its 100% subsidiary, Visa Rent A Car, with the amount of € 450.02 thousand.

On 17/10/2011, Piraeus Equity Partners LTD, 100% subsidiary of Piraeus Bank S.A., fully covered the share capital increase of its 100% subsidiary Piraeus Equity Advisors LTD, with the amount of € 550 thousand, without altering its shareholding percentage.

On 31/10/2011, Piraeus Bank S.A., fully covered the share capital increase of its 100% subsidiary New Evolution S.A. with the amount of € 40 thousand, without altering its shareholding percentage.

On 15/11/2011 and 17/11/2011, Piraeus Equity Partners LTD, 100% subsidiary of Piraeus Bank S.A., fully covered the share capital increase of its 100% subsidiary Piraeus FI Holdings LTD, with the amount of € 135 thousand respectively, without altering its shareholding percentage.

On 16/11/2011, Piraeus Clean Energy Holdings LTD, 100% Group's subsidiary, covered its shareholding ratio in the share capital increase by € 144 thousand, of its 83% subsidiary Zibeno

49. Changes in the portfolio of subsidiaries and associates (Continued)

Investments LTD with the amount of € 119.52 thousand, without altering its shareholding percentage.

On 16/11/2011 and 18/11/2011, Piraeus Clean Energy LP, 100% Group's subsidiary, fully covered the share capital increase of its 100% subsidiary Piraeus Clean Energy Holdings LTD, with the amount of € 134 thousand, without altering its shareholding percentage.

On 20/12/2011, Piraeus Bank S.A., fully covered the share capital increase of its 98.00% subsidiary Tirana Bank I.C.B. S.A. with the amount of € 20 million. Therefore, Piraeus Bank S.A. increased its direct shareholding percentage to 98.48%.

Piraeus FI Holdings LTD, 100% Group's subsidiary, fully covered the share capital increase of its 100% subsidiary Piraeus Clean Energy LP, with the amount of € 135 thousand, without altering its shareholding percentage.

d) Liquidation and disposal of shareholding percentages:

On 17/3/2011 Piraeus Bank S.A. sold 56% of O.F. Investments Ltd shareholding percentage with an amount of € 140 thousand to Piraeus Equity Partners Ltd. Thus, Piraeus Equity Partners Ltd increased its shareholding percentage in O.F. Investments Ltd from 44% to 100%, without altering Group's shareholding percentage (100%).

Vitria Investments S.A., 100% subsidiary of Piraeus Bank S.A., was set under liquidation upon decision of the Shareholders General meeting on 17/3/2011. The relevant decision was registered in Panama's Registry on 30/3/2011.

On 18/3/2011 Piraeus Bank S.A. sold 100% of its subsidiary Curdart Holding Ltd with an amount of € 2 thousand to Piraeus Bank Cyprus LTD, without altering Group's shareholding percentage (100%).

Maples Invest & Holding S.A., 100% subsidiary of Piraeus Bank S.A., was set under liquidation upon decision of the Shareholders General meeting on 18/3/2011.

Margetson Invest & Finance S.A., 100% subsidiary of Piraeus Bank S.A., was set under liquidation upon decision of the Shareholders General meeting on 18/3/2011.

On 15/4/2011, the General Meeting's decision of dissolution and liquidation of Capital Investments & Finance S.A., 100% subsidiary of Piraeus Bank S.A., was registered in Liberia's Registry.

On 31/5/2011 and 30/6/2011, Piraeus Bank Cyprus LTD, 100% subsidiary of Piraeus Bank S.A., sold 400,000 and 300,000 shares respectively, of its associate Atlantic Insurance Public Company LTD, with a total amount of € 698.16 thousand. As a result, the shareholding percentage of Piraeus Bank Cyprus LTD decreased from 21.70% to 19.91%. The company was transferred from the associates' portfolio to the available for sale portfolio, as the requirements for its consolidation under the equity method of accounting are no longer met.

On 9/6/2011, ETVA Industrial Parks S.A., 65% subsidiary of Piraeus Bank S.A., sold 10,000 shares of its 92.94% subsidiary DI.VI.PA.KA S.A, with an amount of € 3.50 thousand, decreasing its shareholding percentage to 88.51%. Therefore, Group's shareholding percentage to DI.VI.PA.KA S.A. decreased from 60.41% to 57.53%.

On 29/6/2011, the subsidiary company, Tortilus LTD, was sold with an amount of € 1 thousand. In the above company, Piraeus Equity Partners LTD, 100% subsidiary of Piraeus Bank S.A., participated with a shareholding percentage of 100%.

On 7/7/2011, the Shareholders' General Meeting decided to put into liquidation status Piraeus Wealth Management (Switzerland) S.A., 65% subsidiary of Piraeus Wealth Management A.E.P.E.Y. Group's shareholding percentage in Piraeus Wealth Management (Switzerland) S.A. is 42.25%.

49. Changes in the portfolio of subsidiaries and associates (Continued)

On 24/10/2011, Shinefocus LTD, 100% subsidiary of Philoktimatiki Public LTD, was set under liquidation upon decision of its Shareholders General meeting. The liquidation is estimated to be legally concluded within 2012. It is noted that the Group participates in the above companies with a shareholding percentage of 53.31%.

On 15/11/2011, Piraeus Clean Energy Holdings LTD, 100% Group's subsidiary, sold 170 shares of its 100% subsidiary Zibeno Investments LTD, with an amount of € 0.17 thousand. As a result the direct shareholding percentage of Piraeus Clean Energy Holdings LTD decreased to 83%.

On 28/12/2011, Multicollection Romania SRL was erased from Romania's authorities.

Due to the above mentioned transactions a loss of € 663.8 thousand has been recognized in the Consolidated Income Statement.

e) Further Changes - Transfers:

On 30/6/2011, the merger through absorption of Piraeus Multifin S.A., 100% subsidiary of Piraeus Bank S.A., by Olympic Commercial & Tourist Enterprises S.A., 94% subsidiary of Piraeus Bank S.A., was completed. As a result, Piraeus Bank's S.A. shareholding percentage in Olympic Commercial & Tourist Enterprises S.A. amounts to 94.98%.

Good Works Energy Photovoltaics S.A., 51% subsidiary of ETVA Industrial Parks S.A., was transferred from the subsidiaries' to the associates' portfolio during the 2nd quarter 2011, as the requirements for its consolidation under the full method of consolidation are no longer met. The shareholding percentage of the Group to the company equals to 33.15%, while the shareholding percentage of Piraeus Bank S.A. to ETVA Industrial Parks S.A. equals to 65%. As a result, the Group of the company Good Works Energy Photovoltaics S.A. (Good Works Energy Photovoltaics S.A. and its direct participations Phoebe Energy Photovoltaics S.A., Iapetos Energy Photovoltaics S.A., Orion Energy Photovoltaics S.A. and Astraios Energy Photovoltaics S.A.), is being consolidated under the equity method of accounting.

Kosmopolis A' Shopping Centers S.A., was transferred from the Piraeus Bank's S.A. held for sale assets to the subsidiaries' portfolio, as its shareholding percentage in the company equals to 100%. As a result, Parking Kosmopolis S.A., 100% subsidiary of Kosmopolis A' Shopping Centers S.A., was included in the Group's subsidiaries' portfolio on 31/12/2011.

Bulfinace EAD, 100% subsidiary company of Bulfina S.A. as at 31/12/2011, is included at the subsidiaries' portfolio of the Group though the company started its operations during the 4th quarter of the year 2011.

Piraeus Bank S.A. transferred its share holding percentage of Piraeus-TANEO Capital Fund, from the available for sale portfolio to the associates' portfolio, as its shareholding percentage in the company equals to 50.01%.

f) Renames:

"Erechtheas Investments & Holdings S.A.", 100% subsidiary of Piraeus Bank S.A., has been renamed to "Pleiades Estate S.A.".

50. Restatement of comparatives

The restatement in Consolidated Income Statement and Consolidated Cash Flow Statement of the year 2010 for the presentation of "Discontinued operations" (Piraeus Bank Egypt Group) as well as the adjustment of earnings / (losses) per share as a result of the share capital increase and the decision not to distribute dividend to shareholders of preference shares are presented below.

50. Restatement of comparatives (Continued)

Moreover, a reclassification of amount € 10,373 thousand took place from Results from investment securities to Provisions and impairments.

	1/1-31/12/2010		
	Published amounts	**Discontinued operations**	**Continuing operations**
Consolidated income statement			
Interest and similar income	2,662,132	97,181	2,564,951
Interest expense and similar charges	(1,455,233)	(78,199)	(1,377,034)
Net interest income	**1,206,898**	**18,981**	**1,187,917**
Fee and commission income	245,236	12,270	232,967
Fee and commission expense	(46,284)	(1,598)	(44,686)
Net fee and commission income	**198,953**	**10,672**	**188,281**
Dividend income	7,534	1,679	5,855
Net trading income	21,136	1,559	19,577
Net income from financial instruments designated at fair value through profit or loss	(8,045)	—	(8,045)
Results from investment securities	(12,964)	(538)	(2,051)
Other operating income	85,543	510	85,033
Total net income	**1,499,056**	**32,864**	**1,476,567**
Staff costs	(410,966)	(21,105)	(389,861)
Administrative expenses	(376,917)	(13,825)	(363,093)
Depreciation and amortization	(94,914)	(11,675)	(83,239)
Gains/(Losses) from sale of assets	(1,160)	8	(1,168)
Total operating expenses before provisions	**(883,957)**	**(46,597)**	**(837,360)**
Impairment losses on loans, debt securities and other receivables	(596,882)	(25,670)	(568,492)
Impairment on investment securities	—	(1)	(10,373)
Other provisions and impairment	(3,819)	(30)	(6,508)
Share of profit of associates	(3,649)	58	(3,707)
Profit/(loss) before income tax	**10,749**	**(39,378)**	**50,127**
Income tax expense	(7,311)	(2,219)	(5,092)
Tax contribution	(24,630)	0	(24,630)
Profit/(loss) after income tax	**(21,192)**	**(41,597)**	**20,406**
Profit/(Loss) for the year attributable to equity holders of the parent entity	(20,474)	(40,585)	20,112
Non controlling interest	(717)	(1,011)	294
Earnings/(Losses) per share attributable to equity holders of the parent entity:			
—Basic and Diluted	(0.1475)	(0.0640)	0.0317

	1/1-31/12/2010		
	Published amounts	**Discontinued operations**	**Continuing operations**
Consolidated cash flow statement			
Net cash inflow/(outflow) from operating activities	4,097,684	531,725	3,565,959
Net cash inflow/(outflow) from investing activities	(1,884,332)	(22,918)	(1,861,415)
Net cash inflow/(outflow) from financing activities	(1,543,033)	4	(1,543,037)
Total cash inflows/(outflows) for the year	**670,319**	**508,812**	**161,507**
Effect of exchange rate fluctuations on cash and cash equivalents	(24,414)	(1,102)	(23,312)
Net increase/(decrease) in cash and cash equivalents of the year	**645,905**	**507,709**	**138,196**

50. Restatement of comparatives (Continued)

	1/1-31/12/2010		
	Published amounts	**Discontinued operations**	**Continuing operations**
Cash and cash equivalents at the beginning of the year	3,389,025	182,319	3,206,706
Cash and cash equivalents at the end of the year	4,034,929	690,028	3,344,901

In the year 2011, deferred tax assets and deferred tax liabilities relating to the same taxation authority were offset. For comparability purposes, prior year respective balances were reclassified and deferred tax liabilities of € 118,955 thousand were offset with deferred tax assets. Following the offsetting, deferred tax assets amount to € 297,882 thousand from € 416,837 thousand initially reported. Also, the deffered tax liabilities amount to € 41,910 thousand from € 160,865 thousand initially reported.

51. Events subsequent to the end of the year

On 21 February 2012, the Eurogroup meeting decided to approve the 2nd bail-out program for Greece for the amount of €130 bn, with the involvement of the private sector (PSI) through a bond exchange program, which included a haircut of 53.5% on the nominal value of Greek Government Bonds (GGBs). The details of the PSI program were announced on 24 February 2012. For further information concerning the Bank's participation in the PSI program please refer to the note 4 of 2011 Annual Financial Report.

As expected, the announcement of the commencement of the PSI program induced the downgrade of the Default Ratings of Greece. Specifically, on 27 February 2012, Standard &Poor's (S&P's) credit agency downgraded Greece's Sovereign Long-term and Short term Credit Ratings to 'Selective Default' from "CC" and "C" respectively. On 2nd March 2012, Moody's downgraded Greece's local and foreign currency bond ratings to C from Ca. On 9 March 2012, Fitch downgraded Greece's Long-term foreign and local currency Issuer Default Ratings (IDRs) to "Restricted Default" from "C". On the 12th of March 2012, S&P's announced that Greece's Sovereign credit ratings on Greece remained in Selective Default (SD) and has assigned a Rating of "CCC" to the new bonds issued by the Greek government, following PSI.

On 13 March 2012 and following the completion of the PSI, Fitch Ratings upgraded Greece's Long-term foreign and local currency Issuer Default Ratings (IDRs) to 'B-' with Stable Outlook from 'Restricted Default' (RD) and the Short-term foreign currency IDR to 'B' from 'C'. Finally, on 20 March 2012, Fitch Ratings has decided to remove "Rating Watch Negative" from Piraeus Bank long and Short term Ratings and has affirmed them to B- (Stable outlook) and B respectively.

On 2nd March 2012, Piraeus Bank announced a Tender Offer to purchase existing securities for cash. This Tender Offer referred to subordinated (€ 330 million) and hybrid (€ 159 million) securities of € 489 million total amount. On 12 March 2012, Piraeus Bank announced that it accepted offers of € 144 million, out of which € 60 million subordinated securities and € 84 million hybrid securities.

In mid April 2012 and in the framework of the Greek Banks' recapitalization plans, the Hellenic Financial Stability Fund (HFSF) provided a Commitment Letter for its participation in Piraeus Bank's impending share capital increase, up to the amount of € 5.0 billion.

Athens, April 20th, 2012

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