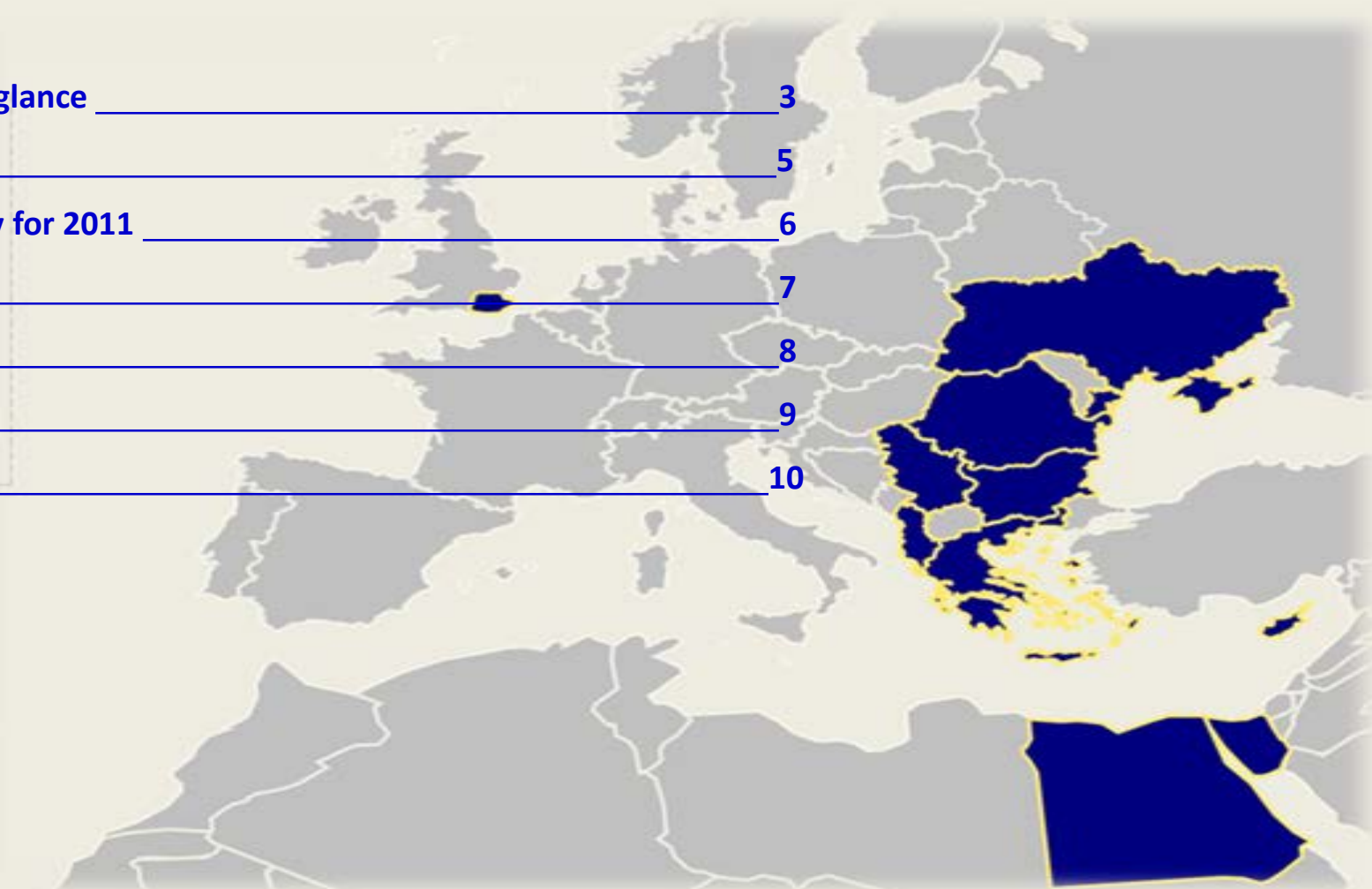




ACTIVITY REPORT FOR 2011



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Piraeus Factoring SA at a glance

- 1. Milestones:**
- | | |
|-----------------------|---|
| December 1998 | Establishment of Piraeus Factoring SA |
| September 1999 | a. Company started its operations in the factoring field |
| | b. Became a member of F.C.I (Factors Chain International) |
| November 2009 | Member of the Board of Directors of the Hellenic Factors Association |
| June 2011: | Awarded from the FCI as the export factor that showed “the best service quality improvement” |

- 2. Competitive Advantages :**
- a. Member of the Piraeus Bank Group**
 - b. Worldwide Operations**
 - c. High Quality Services**
 - d. Personnel with high expertise in the field of factoring**
 - e. Specialised ERP system**

- 3. Human Resources :**
- Our team is comprised of 45 people:**
- 43 in Athens**
 - 2 in Thessaloniki**

Piraeus Factoring SA at a glance

4. Goal :

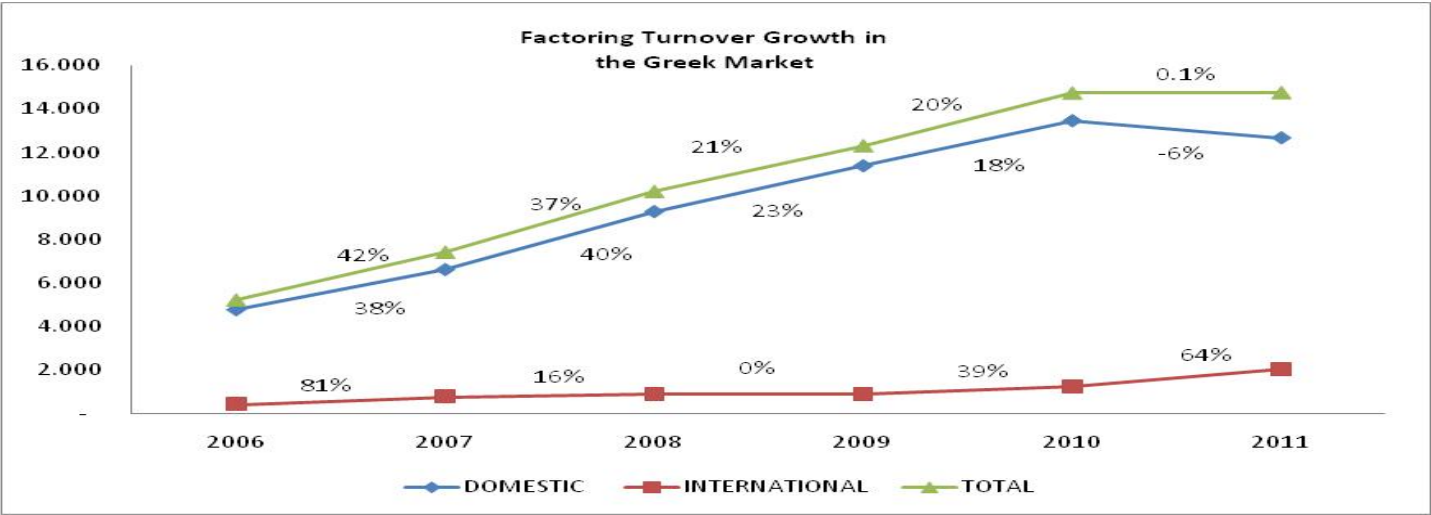
To provide high quality factoring services to businesses operating either in the domestic or the international market

5. Aim :

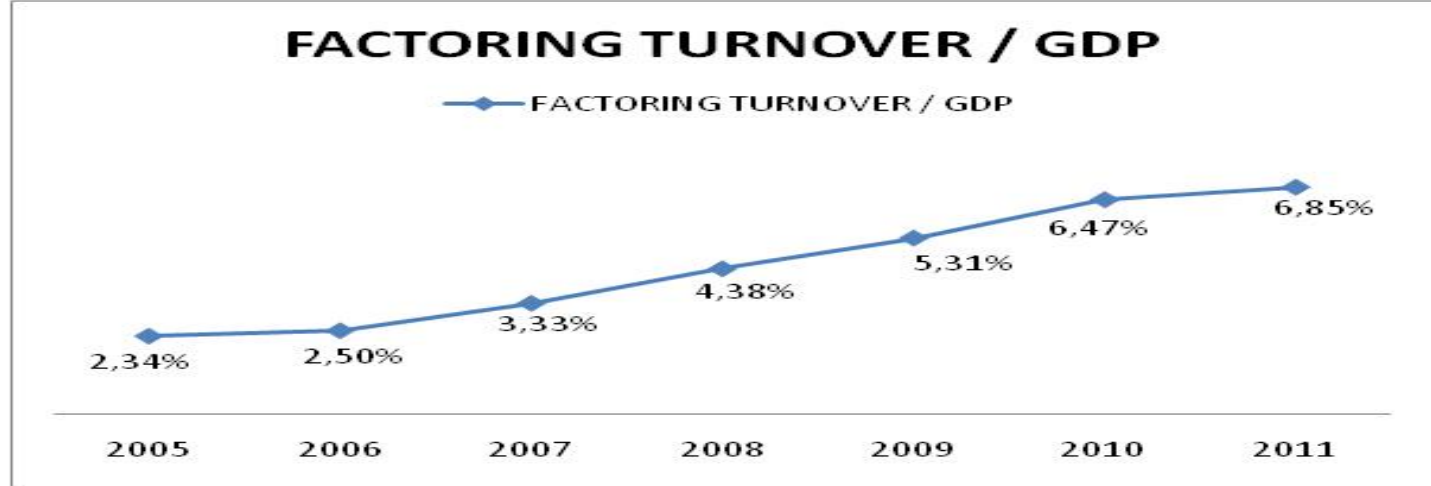
- a. Increase our market share in the Greek Market
- b. Develop new products in order to cover the continuously changing business environment

6. Vision:

To pursue excellence in our service quality and maximize customer satisfaction in order to be identified as one of the leading factoring institutions



Source: Factors Chain International



Source: Hellenic Factors Association

Greek Market Environment

- ✎ Going against the difficult year that Greek economy faced, the Factoring services in 2011 have shown a stability compared to 2010, with a total value of the managed business receivables amounting to €14.7 billion. The domestic market has mounted to 86.1% of the total business volume which, in value is €12.6 billion, whilst the value of the International Factoring volumes totaled to €2.1 billion.
- ✎ Factoring remained a reliable financial tool mainly due to:
 - ✎ The fact that it provides a credit risk coverage arising from the buyer's failure to make payment and
 - ✎ The Greek exports' increase





2011

Core developments of the 2011 operations:

- ✦ Further development of the Export Factoring,
- ✦ Development of the cooperation with Piraeus Bank,
- ✦ Reduction of the domestic non recourse factoring business which is mainly a result of the reluctance of the credit insurers to accept more risk to their heavy portfolios.
- ✦ Investment in technological infrastructure either concerning the core system or additional applications that concern risk management and protection.

2011 at a Glance

- ✓ The company's net profit increased by 28,28% in comparison to 2010 and amounted to €3.5ml which is the highest level ever.
- ✓ In spite of the fact that 2011 was a difficult year for Greece, we managed to have a Turnover of €700ml.
- ✓ Performance indices as Return on Equity (ROE) reached 11,50% and Return on Assets (ROA) amounted 1,52%.
- ✓ Company's administration expenses were decreased by 30,3%.
- ✓ Capital Adequacy Ratio reached 20.40%

Key Financial Figures

in €Th	2011	2010	Δ%
Gross Interest Income	15.279	11.299	35,22
Gross Fee Income	2.995	4.267	-29,81
Total	18.274	15.566	17,40
Operating Cost	5.161	5.760	-10,40
Net Profit before tax	4.562	4.158	9,72
Income tax	1.006	1.386	-27,42
Net Profit after tax	3.556	2.772	28,28

BALANCE SHEET FOR 2011

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	Amounts in thousand Euros	
	31.12.2011	31.12.2010
<u>ASSETS</u>		
Cash and cash equivalents	31.085	5.367
Loans and advances to customers (net of provisions)	200.716	240.710
Goodwil and other intangible assets	117	83
Tangible Assets	55	104
Other Assets	1.587	1.600
TOTAL ASSETS	233.560	247.864
<u>LIABILITIES</u>		
Due to Banks	199.133	215.100
Provisions for credit risks	283	266
Other provisions	130	130
Other liabilities	3.104	4.502
Income Tax	-	512
Total liabilities	202.650	220.510
Total equity	30.910	27.354
TOTAL EQUITY AND LIABILITIES	233.560	247.864

INCOME STATEMENT FOR 2011

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Amounts in thousand Euros

	01.01 - 31.12.2011	01.01 - 31.12.2010
Net interest income	6.113	5.368
Net fee and commission income	2.951	4.218
Other operating income	659	332
	9.723	9.918
Staff costs	(1.669)	(1.649)
General operating expenses	(1.904)	(2.724)
Provisions for credit risk	(1.464)	(1.172)
Amortization /depreciation	(125)	(215)
Profit before tax	4.562	4.158
Income tax expense	(1.006)	(1.386)
Profit/Loss for the Period	3.556	2.772



[Translation from the original text in Greek]

Independent Auditor's Report

To the Shareholders of "Piraeus Factoring S.A."

Report on the Financial Statements

We have audited the accompanying financial statements of "Piraeus Factoring S.A." which comprise the statement of financial position as of 31 December 2011 and the 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 Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of "Piraeus Factoring S.A." as at December 31, 2011, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Reference on Other Legal and Regulatory Matters

We verified the conformity and consistency of the information given in the Board of Directors' report with the accompanying financial statements in accordance with the requirements of articles 43a, 108 and 37 of Codified Law 2190/1920.

Athens, 1 June 2012

PricewaterhouseCoopers S.A.
268, Kifissias Avenue,
152 32 Chalandri
Soel reg No 113

The Chartered Accountant

Konstantinos Michalatos
Soel reg No 17701



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