



EUROBANK ERGASIAS S.A.

**FINANCIAL REPORT
for the period from
January 1st to June 30th, 2019**

**According
to article 5 of Law 3556/30.4.2007**

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***I. Statements of the members of the Board of Directors
(according to the article 5, par.2 of the Law 3556/2007)***

**Statements of Members of the Board of Directors
(according to the article 5, par. 2 of the Law 3556/2007)**

We declare that to the best of our knowledge:

- the financial statements for the six months period ended 30 June 2019, which have been prepared in accordance with the applicable accounting standards, present fairly the assets, liabilities, equity and results of the Bank and the companies included in the consolidation, and
- the report of the Board of Directors for the same period presents fairly the information required under paragraph 6 of article 5 of Law 3556/2007.

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Athens, 28 August 2019

Georgios P. Zantias
I.D. No AI – 414343

CHAIRMAN
OF THE BOARD OF
DIRECTORS

Fokion C. Karavias
I.D. No AI - 677962

CHIEF EXECUTIVE
OFFICER

Stavros E. Ioannou
I.D. No AH - 105785

DEPUTY
CHIEF EXECUTIVE
OFFICER

II. Report of the Directors for the six months ended 30 June 2019

REPORT OF THE DIRECTORS

The directors present their report together with the accounts for the six months ended 30 June 2019 that have been reviewed by the Bank's external auditors.

Profit or Loss

The net profit attributable to Eurobank (or "the Bank") shareholders for the first half of 2019 amounted to €26m (first half 2018: €36m) as set out in the consolidated income statement on page 2.

Financial Results Review¹

In the first half of 2019, the Group, acting in an environment of positive growth rates both in Greece and the other countries, in which it has a substantial presence, demonstrated positive operating results, strengthened its capital base, improved further its liquidity position and reduced substantially the Non Performing Exposures (NPEs) stock in line with its NPE reduction acceleration plan.

As at 30 June 2019 total assets, including the impact from the merger with Grivalia and the acquisition of Piraeus Bank Bulgaria A.D. (PBB), increased to €62.4bn (Dec. 2018: €58.0bn). At the end of June 2019, following the classification of €2bn mortgage loans as held for sale (Pillar project, see section "NPE reduction acceleration plan"), gross customer loans reached €43.6bn (Dec. 2018: €45.0bn), of which €36.2bn in Greece (Dec. 2018: €38.6bn) and €7.4bn in International Operations, including €0.7bn from the acquisition of PBB (Dec. 2018: €6.4bn). Business (wholesale and small business) loans stood at €25.4bn (Dec. 2018: €24.8bn) and accounted for 58% of total Group loans, while loans to households reached €18.1bn (Dec. 2018: €20.2bn), with mortgage portfolio constituting 33% and consumer loans 9% of the total portfolio. Group deposits reached €41.3bn (Dec. 2018: €39.1bn) with deposits from Greek operations increasing by €0.8bn to €29.5bn, while International Operations added €1.5bn, of which €1.1bn from PBB, totalling €11.8bn. As a result, the (net) loan-to-deposit (L/D) ratio further improved to 87% for the Group (Dec. 2018: 93%) and to 97%³ for Greek operations (Dec. 2018: 103%). The Bank has eliminated the use of Emergency Liquidity Assistance (ELA) as of end January 2019, while at 30 June 2019 the funding from Eurosystem stood at €1.3bn (31 December 2018: €2.1bn, of which €0.5bn funding from ELA).

Within an improving but still challenging business environment, pre-provision Income (PPI) slightly decreased by 1.4% to €470m (first half of 2018: €477m) with the second quarter reaching €265m (second quarter 2018: €244m). Net interest income (NII) receded by 3.6% to €685m (first half of 2018: €711m), carrying the negative impact from the lower lending spreads in Greece partially offset by the positive effect from the decreased funding cost due to the elimination of dependency from the ELA mechanism and the higher NII from international operations. Net interest margin (NIM) stood at 2.28% (first half of 2018: 2.50%) with the second quarter reaching 2.26%. Fees and commissions increased by 13% to €156m (first half of 2018: €138m) positively affected by the higher rental income due to the merger with Grivalia in the second quarter of 2019 and the increased income from network activities. Core pre-provision income (Core PPI) was declined by 3.4% to €399m (first half 2018: €413m). Trading and other activities recorded €71m gain (first half of 2018: €64m gain), including a) €44m gains on the sale of bonds and equities portfolio and b) €30m gain on acquisition of PBB in June 2019. Operating expenses in Greece decreased by 1.1% to €340m (first half of 2018: €344m) or 2.2%² on a like for like basis, following the reduction in the number of personnel. The Group's operating expenses increased by 1.3% amounting to €442m (first half of 2018: €436m) or decreased by 0.1%² on a like for like basis. The cost to income (C/I) ratio for the Group reached 48.5% (first half of 2018: 47.8%), while the International Operations C/I ratio stood at 38.3%³ (first half of 2018: 43.0%³).

During the first half of 2019, the Group's NPEs were reduced by €2.4bn to €14.3bn (Dec. 2018: €16.7bn), mainly through of a securitization of residential mortgage loan portfolio classified as held for sale (Project Pillar, comprising €1.7bn NPEs) and the negative NPE formation amounting to €321m (first half of 2018: €409m negative), which drove the NPE ratio down by 783bps to 32.8% on y-o-y basis (first half of 2018: 40.7%, Dec. 2018: 37%). The loan provisions (charge) reached €348m or 1.90% of average net loans (first half of 2018: €337m or 1.87%) and the coverage ratio for NPEs stood at 54.5% (Dec. 2018: 53.2%).

¹ Definitions of the Alternative Performance Measures (APMs) and other financial ratios/measures and the source of the financial data are provided in the Appendix.

² For comparability purposes, the first half 2019 figure has been adjusted to exclude €3.8m and €6.1m expenses of Grivalia and PBB for Greece and Group respectively.

³ International Operations: Operating expenses: €102.3m, (first half of 2018: €92.6m), Operating income: €267m (first half of 2018: €215.6m). Greek operations: Loans and advances to customers (net) €28.7bn, Deposits €29.5bn.

REPORT OF THE DIRECTORS

The Group recognised in the first half of 2019 other impairment losses and provisions amounting to €17m (first half of 2018: €4m), of which €8m (first half of 2018: €10m) related to the impairment on real estate properties and €7m related to provisions for litigations and operational risk events. In addition, €42m cost has been recognised for a new Voluntary Exit Scheme (VES) launched by the Bank in May 2019, which has been offered to employees over an age limit as well as to employees of specific eligible Bank units independent of age. In respect of the VES that was initiated during the previous years, the Group recognised an additional cost of €13m in the first half of 2019. Finally, the Group recognized other restructuring costs amounting to €23m, of which €18m were associated with the acquisition of PBB.

Overall, in the first half of 2019, the Group showed resilient profitability, well supported by the steadily profitable International Operations, the improved fees and commissions income, the cost containment efforts and the effective NPEs management. Net profit from continuing operations, before €61m restructuring costs, after tax, amounted to €90m (first half of 2018: €113m) for the Group of which €95m (first half of 2018: €73m) was related to International business. The net profit attributable to shareholders amounted to €26m (first half of 2018: €36m). The capital position of Eurobank has been substantially strengthened with a) the merger with Grivalia completed in May 2019 and b) the increase in fair value of GGBs classified at FVOCI, as a result in the improvement of the credit spreads of Hellenic Republic debt. The Group's Total Regulatory Capital amounted to €7.6bn and accounted for 18.4% (total CAD) of Risk Weighted Assets (RWA) at the end of June 2019 (Dec. 2018: 16.7%). The Common Equity Tier 1 (CET1) stood at 15.9% of RWA (Dec. 2018: 14.2%), while the fully loaded CET 1 (based on the full implementation of the Basel III rules in 2024) at the same date would be 13.7% (Dec. 2018: 11.3%).

Going forward, the Group, as the Greek economy (the Group's main market) shows signs of sustainable growth, is on track to achieve its objectives for 2019 including the successful execution of its transformation plan, in combination with the sustainable organic profitability based mainly on the following initiatives and actions:

- a) Completion of the merger with Grivalia in May 2019 that strengthened its capital position and enhances its earning capacity,
- b) Active and effective management of NPEs through i) the Bank's internal infrastructure, ii) the realisation of strategic partnerships to manage/service parts of loan portfolio, iii) the important legislative changes that have taken or are expected to take place, iv) the execution of sales' transactions/ securitisations for selective portfolios of NPEs, and vi) the further improvement of macroeconomic environment. Moreover, the acceleration of the NPE reduction is envisaged through the completion of the transactions concerning the large scale securitization of approximately €7.5bn and the entry of a strategic investor into the capital of Financial Planning Services S.A. ("FPS"), the licensed 100%-owned loan servicer of Eurobank, which along with other initiatives aim at a Group's NPE ratio of 16% at the end of 2019,
- c) Improving the funding structure with robust increase of deposits and further access to the markets, as a result of the reinstatement of depositors' and investors' confidence,
- d) Funding cost reduction following the elimination of expensive ELA dependency as of end January 2019 and the further improvement in the domestic financial conditions,
- e) Sustainable fee and commission income as a result of the leading position of the Group to a number of fee business segments and the expected increase of the economic activity,
- f) Accelerating new lending of healthy and competitive enterprises both in Greece and abroad,
- g) Initiatives for pursuing further operating efficiency and proceeding with further simplification and digitalisation in Greece and abroad, and
- h) Cost of risk decline mainly as a result of the envisaged decrease of NPEs.

Corporate Transformation Plan**Merger Agreement of the Bank with Grivalia**

On 26 November 2018, the Boards of Directors ("BoD") of the Bank and Grivalia Properties REIC ("Grivalia") announced that they unanimously decided to commence the merger of the two companies by absorption of Grivalia by Eurobank (the "Merger"). Grivalia was a real estate investment company under Law 2778/1999, as in force, incorporated in Greece. The business of Grivalia along with its subsidiaries and its joint ventures was the acquisition, management and leasing out of investment property portfolio located in Greece, Central Eastern Europe and Central America.

On 7 February 2019, the European Commission (DG Competition) decided that the Merger is in line with Eurobank's commitments and State Aid rules considering that the strengthening of its capital base through

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the Merger will enable Eurobank to significantly reduce its non-performing loans in the near future. On 22 February 2019, the BoD of Eurobank and Grivalia approved the Draft Merger Agreement for the absorption of Grivalia by Eurobank according to the provisions of Greek laws 2166/1993 and 2515/1997, as in force, as well as the applicable Company Law. The proposed share exchange ratio was 15.80000000414930 new Eurobank ordinary registered shares for every 1 Grivalia ordinary registered share, while Eurobank shareholders retain the number of Eurobank ordinary shares they held before the Merger. Accordingly, with respect to the new share capital of Eurobank, 2,185,998,765 shares are allocated to the shareholders of Eurobank and 1,523,163,087 to the shareholders of Grivalia.

On 5 April 2019, the Extraordinary General Meeting of the shareholders of Eurobank resolved, among others (a) the approval of the Merger of the Bank with Grivalia by absorption of the latter by the former, (b) the approval of the Draft Merger Agreement, as it was approved by the BoD of the merging companies and (c) the increase of the share capital of the Bank by €197m.

The above Merger was accounted for as a business combination using the purchase method of accounting. The date on which the Shareholders General Meetings of both companies approved the merger, i.e. 5 April 2019 has been determined as the acquisition date as it is considered the date that Eurobank obtained control of Grivalia.

The consideration of the transaction amounting to €1,093.9m has been calculated as the fair value of the 1,523,163,087 Eurobank new ordinary shares with reference to Eurobank's share market price on the acquisition date (i.e. € 0.7185) less the fair value of the new Eurobank shares issued corresponding to the Grivalia shares held by the Bank's subsidiary ERB Equities. The difference between: (a) the total consideration of €1,093.9m and the fair value of the Group's previously held equity interest in Grivalia of €0.4m, and (b) the net identifiable assets acquired (provisional fair values of assets and liabilities) of €872m, results to the recognition of a temporary goodwill of €222m. The Merger enhances Eurobank's capital position and its earnings capacity, which in turn will enable the acceleration of its NPEs reduction plan. In addition, through the Merger the Group is allowed to deploy Grivalia's best in class real estate management skills to the Bank's real estate assets, in particular to its repossessed assets, which is critical for the management of NPEs. The results of Grivalia group operations are incorporated in the Group's financial statements prospectively as of 1 April 2019. The revenues from the investment property portfolio acquired from Grivalia group are presented within the line "Income from non banking services" of the income statement. The Merger was approved on 17 May 2019 by the Ministry of Finance and Development and was registered, on the same day, in the General Commercial Registry. The trading of the 1,523,163,087 new common voting shares of nominal value €0.23 each was initiated at Athens Exchange on 23 May 2019.

As a result of the Merger, Fairfax Group, which before the Merger held 18.40% and 54.02% in Eurobank and Grivalia, respectively, becomes the largest shareholder in the merged entity with a ca. 33.03% shareholding and is expected to have the ability to exercise significant influence over the Bank, subject to the required regulatory approvals in relation to the increase of its shareholding as a result of the merger (notes 31 and 32 to the consolidated financial statements).

Agreement with the Real estate management company

On 22 February 2019, the BoD of Eurobank also approved the upcoming agreement (SLA), pursuant to article 100 of Greek Law 4548/2018, of the Bank with the company to be incorporated under the name "Grivalia Management Company SA" ("the Company"). The Company was established in March 2019 and is a related party to Eurobank, since a member of the Bank's BoD holds the majority (70%) of the shares of the company and is an executive member of the board of directors of the Company.

The Bank has concluded a 10-year advisory services agreement with the Company for the combined real estate portfolio of the merging entities, that came into force upon completion of the Merger. The related services that have been assigned to the Company under this agreement mainly refer to advisory services relating to the acquisition, transfer, lease, management development and strategic planning of the management of real estate assets, including the preparation of the annual budget and the supervision of Eurobank's contractors and advisors. Following a specific mandate, the Company will also undertake certain implementation actions. According to the SLA, total fees that will be charged by the Company based on cost and performance criteria, including a minimum service fee of €9.35m for the combined own used and

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investment property portfolio and a fee related to repossessed assets, shall not exceed €12m (excluding VAT) per annum.

Acceleration Plan for NPEs reduction and Hive down

In 2019, the Group is implementing a new 3-year NPE reduction plan as submitted to SSM in March 2019, which has taken into account the Bank's Transformation Plan as announced in November 2018. In this context, following the completion of the merger with Grivalia, the Group has proceeded with the implementation of the below initiatives/actions:

- a) In June 2019, the Bank executed the securitization of ca. €7.5bn of NPEs (Project Cairo) and the ca. €2bn mortgage NPEs (Project Pillar) ("Securitized NPEs") according to Law 3156/2003 via their transfer to a special purpose vehicle ("SPV") and the issuance of senior, mezzanine and junior notes. All issued notes are currently fully retained by the Group.
- b) On 27 June 2019, the Bank announced that it has signed a binding agreement with an international investor for the sale of 95% of the mezzanine and junior notes of a securitization of a residential mortgage loan portfolio of ca. €2bn gross book value (Project Pillar comprising primarily NPEs). Eurobank shall retain 100% of the senior notes, as well as 5% of the mezzanine and junior notes. The net carrying amount of the loan portfolio amounting to €1,142m corresponds to its implied valuation based on the nominal value of the senior notes and the sale price of the mezzanine notes according to the terms of the above agreement. The closing of the transaction is subject to SSM approval and is expected to occur within the third quarter of 2019 (note 15 to the consolidated financial statements).

Furthermore, the Bank also announced that it has entered into exclusive negotiations with the international investor for projects Cairo and Europe. Project Cairo refers to the sale of 20% of the mezzanine and junior notes of a securitization of a mixed assets portfolio of NPEs with a gross book value of ca. €7.5bn. Project Europe refers to the entry of a strategic investor into the share capital of FPS, the 100%-owned licensed loan servicer of Eurobank. FPS will enter into SLAs with the securitisation SPVs for the professional servicing of its loans and the maximization of the value for all its noteholders and the Group for the servicing of its remaining NPE portfolio. The exclusive negotiation period is expected to end by the end of September 2019.

- c) On 28 June 2019, the BoD of the Bank ("The Demerged Entity") decided the initiation of the hive down process of the banking business sector of Eurobank and its transfer to a new company-credit institution that will be established ("the Beneficiary"). On 31 July 2019, the BoD of the Bank approved the Draft Demerger Deed through the aforementioned hive down and establishment of a new company-credit institution, pursuant to Article 16 of Law 2515/1997 and Articles 57 (3) and 59-74 of Law 4601/2019, as currently in force. In particular, the demerger will involve the hive-down of the banking business sector of Eurobank, to which the assets and the liabilities, as described on the transformation balance sheet of the hived-down sector as at 30 June 2019 ("Transformation Date"), are included. All actions that will take place after the Transformation Date and will concern the hived down sector shall be treated as occurring on behalf of the Beneficiary.

The Demerged Entity will maintain activities and assets that are not related to the main banking activities but are mainly related to the strategic planning of the administration of non-performing loans and the provision of services to the Group companies and third parties. Furthermore the Demerged Entity will retain: a) 95% of the mezzanine and junior notes of Projects Pillar and Cairo, (as per (a) above), b) the preferred securities (note 27 to the consolidated financial statements) and c) participations in certain subsidiaries including Be Business Exchanges S.A. and real estate companies related to projects Pillar and Cairo.

Upon completion of the demerger (i.e. the date of registration with the General Commercial Registry of the relevant approval by the competent Authority), the following shall take place: a) The Beneficiary will be incorporated and the Demerged Entity shall become the shareholder of the Beneficiary by acquiring all the shares issued by the Beneficiary and more specifically 3,683,244,830 common registered shares, of a nominal value of €1.10 each and b) the Beneficiary substitutes the Demerged Entity, by way of universal succession, to all the transferred assets and liabilities, as set out in the transformation balance sheet of the hived down sector and formed up to the completion of the demerger. As of August 9 2019,

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the Draft Demerger Deed of the Bank, is available on its website as well as the website of the General Commercial Registry. The completion of the demerger is subject to the required by the Law approval of the General Meeting of the shareholders of the Bank as well as the receipt of all necessary approvals by the competent Authorities.

- d) Furthermore, the Group will contemplate the potential sale of an additional 75% of mezzanine and junior notes and the transfer of SPV's shares to third party investors or their distribution to shareholders or any combination thereof.

The key benefits from the successful execution of the acceleration plan for NPE reduction will be a) focus on core banking activities, after the legal separation of the core and non-core operations of the Bank, b) the significant balance sheet de-risking, following the targeted de-recognition of a significant part of deep delinquency, denounced NPEs, retaining those that have better recovery and curing potential and c) the targeted NPE ratio reduction to 16% by the end of 2019, paving the way for a single digit NPE ratio by 2021. The completion of the Acceleration Plan, subject to the relevant approvals, is expected by the end of 2019.

International Activities

Eurobank Group has a significant presence in four countries apart from Greece. It operates in Cyprus, where it provides Corporate Banking, Private Banking and Wealth Management services, and in Luxembourg, where it provides Private Banking services. In Bulgaria and Serbia, it operates in Retail and Corporate Banking, Wealth Management and Investment Banking through a network of 354 branches and business centres. Also, the subsidiary bank in Luxembourg operates a branch in London.

On 7 November 2018, the Bank announced that it has reached an agreement with Piraeus Bank S.A. for the acquisition of Piraeus Bank Bulgaria A.D. ("PBB"), a subsidiary of Piraeus Bank, by Eurobank's subsidiary in Bulgaria, Eurobank Bulgaria A.D. ("Postbank") (the "Transaction"). On 13 June 2019, the Transaction was concluded, following the receipt of the relevant regulatory approvals. In line with the Group's strategy to focus on the expansion of its international activities in markets which are deemed core, the Transaction strengthens Postbank's position in the Bulgarian banking market with a pro-forma market share in excess of 10%, ranking third in terms of total loans, and a strong capital adequacy and liquidity (note 31 to the consolidated financial statements).

Risk management

The Group acknowledges that taking risks is an integral part of its operations in order to achieve its strategic and business objectives. Therefore, the Group's Management has established adequate mechanisms to identify and monitor these risks early in a timely manner and assesses their potential impact on meeting its corporate objectives.

Due to the fact that economic, industry, regulatory and operating conditions will continue to change, risk management mechanisms are set in a manner that enables the Group to identify and deal with the risks associated with those changes. The Bank's structure, internal processes and existing control mechanisms ensure both the independence principle and the exercise of sufficient supervision.

The Group's Management considers effective risk management as a top priority, as well as a major competitive advantage, for the organization. The Group's Management has allocated adequate means for updating its policies, methods and infrastructure, in order to ensure Group's compliance to the requirements of the ECB, the Single Supervisory Mechanism (SSM), the Single Resolution Mechanism (SRM), the guidelines of the EBA and the Basel Committee for banking supervision as well as with the best international banking practices. The Group implements a well-structured credit approval process, independent credit reviews and effective risk management policies for credit, market, liquidity and operational risk, both in Greece and in each country of its international operations. The risk management policies implemented by the Bank and its subsidiaries are reviewed annually.

The Group risk and capital strategy, which is formally documented, outlines the Group's overall direction regarding risk and capital management issues, the risk management mission and objectives, risk definitions, risk management principles, risk appetite framework, risk governance framework, strategic objectives and key management initiatives for the improvement of the risk management framework in place.

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The maximum risk the Group is willing to undertake in order to pursue its strategic objectives is stipulated in an internal document, the Risk Appetite Framework (RAF), and is determined by means of quantitative and qualitative criteria/parameters, which also include specific tolerance levels, both in terms of each risk type and in overall. The main objectives that determine the risk appetite are complying with the regulatory requirements, safeguarding the Group's ability to smoothly continue its activities, and balancing a strong capital adequacy with high returns on equity. The RAF is communicated within the Group, and shapes its risk undertaking and management culture, forming the foundation on which risk policies and risk thresholds are established both overall and per business activity.

The Board Risk Committee (BRC) is a committee of the Board of Directors (BoD) and its task is to assist the BoD to ensure that the Group has a well-defined risk and capital strategy in line with its business plan and an adequate and robust risk appetite. The BRC assesses the Group's risk profile, monitors compliance with the approved risk appetite and risk tolerance levels, and ensures that the Group has developed an appropriate risk management framework with appropriate methodologies, modelling tools, data sources and sufficient and competent staff to identify, assess, monitor and mitigate risks. The BRC consists of six non-executive directors, meets at least on a monthly basis and reports to the BoD on a quarterly basis and on ad hoc instances if it is needed.

The Management Risk Committee (MRC) is a management committee established by the Chief Executive Officer (CEO) in 2016 and it operates as an advisory committee to the BRC. The main responsibility of the MRC is to oversee the risk management framework of the Group. As part of its responsibility, the MRC facilitates reporting to the BRC on the range of risk-related topics under its purview. The MRC ensures that material risks are identified and promptly escalated to the BRC and that the necessary policies and procedures are in place to prudently manage risks and to comply with regulatory requirements. Additionally, the MRC determines appropriate management actions which are discussed and presented to the Executive Board ("EXBO") for information and submitted to BRC for approval.

The Group's Risk Management General Division is headed by the Group Chief Risk Officer (GCRO), functions operates independently from the business units and is fully responsible for monitoring the credit, market, operational and liquidity risks. It comprises the Group Credit General Division, the Group Credit Control Sector (GCCS), the Group Credit Risk Capital Adequacy Control Sector (GCRACS), the Group Model Validation & Governance Sector, the Group Market & Counterparty Risk Sector (GMCRS), the Group Operational Risk Sector, the Group Strategic Planning and Operations Unit and the Supervisory Relations and Resolution Planning Division (with dual reporting also to the Group Chief Financial Officer). In addition, it includes a Senior Advisor with direct reporting line to the GCRO.

The most important types of risk that are addressed by the risk management functions of the Group are:

Credit Risk

The Group is exposed to credit risk, which is the risk that a counterparty will be unable to fulfil its payment obligations in full when due. The credit risk arises principally from the wholesale and retail lending activities of the Group, including from credit enhancements provided, such as financial guarantees and letters of credit, as well as from other activities, such as investments in debt securities, trading, capital markets and settlement activities. Taking into account that credit risk is the primary risk the Group is exposed to, it is very closely managed and monitored by centralized dedicated risk units, reporting to the GCRO.

The credit approval and credit review processes are centralised both in Greece and in the International operations. The segregation of duties ensures independence among executives responsible for the customer relationship, the approval process and the loan disbursement, as well as monitoring of the loan during its lifecycle. The credit approval process in Corporate Banking is centralised through establishment of Credit Committees with escalating Credit Approval Levels, in order to manage the corporate credit risk. Various rating models are used in order to determine the credit rating of corporate customers. The most significant ones are the MRA (Moody's Risk Analyst) applied for companies operating in industrial, commercial and tourist services and the slotting which is used for specialised lending portfolios (shipping, real estate and project finance).

The approval process for loans to Small Businesses (turnover up to €5m) is centralised following specific guidelines and applying the 'four-eyes' principle. The assessment is based on an analysis of the borrower's

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financial position and statistical scorecards. The credit approval process for Individual Banking (consumer and mortgage loans) is also centralised and differentiated between performing and non-performing businesses. It is based on specialized credit scoring models and credit criteria taking into account the payment behavior, personal wealth and financial position of the borrowers, including the existence of real estate property, the type and quality of securities and other factors as well. The ongoing monitoring of the portfolio quality and of any other deviations that may arise, leads to an immediate adjustment of the credit policy and procedures, when deemed necessary. The quality of all of the Group's loans portfolios (business, consumer and mortgage in Greece and abroad) is monitored and assessed by the Group Credit Control Sector (GCCS). GCCS operates independently from all the business units of the Bank and reports directly to the GCRO.

The measurement, monitoring and reporting of the Group's exposure to counterparty risk, which is the risk of loss due to the customer's failure to meet its contractual obligations in the context of treasury activities, such as securities, derivatives, repos, reverse repos, interbank placings, etc. are performed by the Group Market and Counterparty Risk Sector (GMCRS). The Group sets limits on the level of counterparty risk that may be undertaken based mainly on the counterparty's credit rating, as provided by international rating agencies, and the product type (e.g. control limits on net open derivative positions by both amount and term, sovereign bonds exposure, asset backed securities). The utilization of the abovementioned limits, any excess of them, as well as the aggregate exposure per Group's entity, counterparty and product type are monitored by GMCRS on a daily basis.

Market Risk

The Group takes on exposure to market risk, which is the risk of potential financial loss due to an adverse change in market variables. Changes in interest rates, foreign exchange rates, credit spreads, equity prices and other relevant factors, such as the implied volatilities of the above, can affect the Group's income or the fair value of its financial instruments. The market risks the Group is exposed to are measured and monitored by GMCRS. GMCRS is responsible for the measurement, monitoring and reporting of the exposure on market risks including the interest rate risk in the Banking Book (IRBB) of the Group. The Sector reports to the GCRO.

Market risk in Greece and Cyprus is measured and monitored using the Value at Risk (VaR) methodology. Market risk in International operations, excluding Cyprus, is managed and monitored using mainly sensitivity analyses. VaR is a methodology used in measuring financial risk by estimating the potential negative change in the market value of a portfolio at a given confidence level and over a specified time horizon. The VaR that the Group measures is an estimate based upon a 99% confidence level and a holding period of 1 day and the methodology used for the calculation is Monte Carlo simulation (full re-pricing of each position is applied). Since VaR constitutes an integral part of the Group's market risk control regime, VaR limits have been established for all (trading and investment portfolios) operations and actual exposure is reviewed daily by management. However, the use of this approach does not prevent losses outside of these limits in the event of extraordinary market movements.

Liquidity Risk

The Group is exposed to daily calls on its available cash resources due to deposits withdrawals, maturity of medium or long term notes, maturity of secured or unsecured funding (interbank repos and money market takings), collateral revaluation as a result of market movements, loan draw-downs and forfeiture of guarantees. The Board Risk Committee sets liquidity limits to ensure that sufficient funds are available to meet such contingencies.

BRC role is to approve all strategic liquidity risk management decisions and monitor the quantitative and qualitative aspects of liquidity risk. Group Assets and Liabilities Committee (G-ALCO) has the mandate to form and implement the liquidity policies and guidelines in conformity with Group's risk appetite, and to review at least monthly the overall liquidity position of the Group. Group Treasury is responsible for the implementation of the Group's liquidity strategy, the daily management of the Group's liquidity and for the preparation and monitoring of the Group's liquidity budget, while GMCRS is responsible for measuring, monitoring and reporting the liquidity of the Group.

Operational Risk

Operational risk is embedded in every business activity undertaken by the Group. The primary goal of operational risk management is to ensure the integrity of the Group's operations and its reputation by mitigating its impact. To best manage operational risk, the Group has established a formal Operational Risk

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Management Framework to define its approach to identifying, assessing, managing, monitoring and reporting operational risk.

Governance responsibility for operational risk management stems from the Board of Directors (BoD) through the Executive Board and Senior Management to the Heads and staff of every business unit. The BoD establishes the mechanisms by which the Group manages operational risk by setting the tone and expectations from the top and delegating authority. The Board Risk Committee (BRC) and the Audit Committee (AC) monitor the operational risk level and profile of the Group including the level of operational losses, their frequency and severity.

The Group Chief Risk Officer is responsible for the operational risk related initiatives and ensures implementation of the Operational Risk Management Framework. The Group Chief Risk Officer has the overall responsibility and oversight of the Operational Risk Units in the countries that the Bank operates. The Operational Risk Committee is a management committee that assesses the operational risks arising from the activities of the Group, ensures that each business entity has appropriate policies and procedures for the control of its operational risk and that prompt corrective action is taken whenever a high risk area is identified. Certain business units have established a dedicated Anti-Fraud Unit or Function, according to the fraud risk to which their operations are exposed. Their main objective is to continuously identify fraud risks and to undertake all appropriate actions in addressing and mitigating those risks in a timely manner.

Further information on the Group's financial risk management objectives and policies, including the policy for hedging each major type of transaction for which hedge accounting is used is set out in the notes 2, 6 and 23 to the consolidated financial statements for the year ended 31 December 2018.

Non Performing Exposures (NPEs) management

A strategic priority for Eurobank remains the active and effective management of NPEs with the aim to substantially reduce the NPEs stock in accordance with its operational targets agreed with the supervisory authorities, leveraging on its internal infrastructure, the important legislative changes and the external partnerships that have taken or are expected to take place.

Troubled Assets Group (TAG) General Division

Following the Bank of Greece Executive Committee's Act No.42/30.5.2014 and its amendments, that details the supervisory directives for the administration of exposures in arrears and non-performing loans, the Bank has proceeded with a number of initiatives to adopt the regulatory requirements and empower the management of troubled assets. In particular, the Bank transformed its troubled assets operating model into a vertical organizational structure through the establishment of the Troubled Assets Committee (TAC) and Troubled Assets Group General Division (TAG). TAG structure is completely segregated from the Bank's business units both in terms of account management, as well as credit approval process, which ensures transparency, flexibility, better prioritization and management accountability and shifts the management from bad debt minimization to bad debt value management, in line with the Group's risk appetite. Further information is presented in note 6.2 to the consolidated financial statements for the year ended 31 December 2018.

The targets of the operating model are to reinstate customers' solvency, reduce overall handling costs for delinquent accounts and improve the portfolio profitability by maintaining low portfolio delinquency rates and facilitating negotiations with delinquent customers. In order to ensure the efficient management of the troubled assets portfolio, more than 2,500 full-time equivalent employees are involved in NPLs management operations across the Bank, of whom ca 1,200 are dedicated professionals within the various TAG operating units. TAG, by employing best-in-class strategies, tools, technical resources and human capital, aims to significantly contribute to the Group's profitability, in a socially responsible manner. To this end, the main actions undertaken by TAG in the first half of 2019 were the following:

- a) Similarly with 2018, TAG has overall achieved in the first half of 2019 the key regulatory targets for NPEs reduction.
- b) Continued and strengthened the strategic focus towards long-term viable restructuring solutions, offered through a wide array of products, segmentation criteria and decision trees.
- c) Further development of decision support systems in the context of managing the troubled portfolios that aim to improve decision making, facilitate the offering of optimum solutions and limit uncertainty.

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- d) Reinforcement of the key functions of the General Division in order to accommodate the new legislative developments towards the reduction of NPEs and to ensure the efficient management of the troubled assets portfolio.
- e) Staff was further developed through additional training programs and e-learning courses.
- f) Evolved and further developed a comprehensive program for the purpose of supporting and monitoring, in a structured manner, all business and Information Technology (IT) actions and initiatives serving the reduction of NPEs, which is a top priority for the Bank.
- g) Participated in key interbank initiatives to establish a solid governance framework and a collaborative partnership among all banks.
- h) Enhanced strategic segmentation of the customer base that links borrowers to actions and channels and designed tailor made strategies.
- i) Continued to closely monitor the performance of both Greek and foreign subsidiaries in close cooperation with the respective Greek and International Divisions, in order to ensure alignment of all actions towards the achievement of the Group regulatory annual targets.

Operational targets for Non-Performing Exposures (NPEs)

In line with the national strategy for the reduction of NPEs, the Bank of Greece (BOG), in cooperation with the supervisory arm of the ECB, has designed an operational targets framework for NPEs management, supported by several key performance indicators. Pursuant to the said framework, the Greek banks submitted at the end of September 2016 a set of NPEs operational targets together with a detailed NPEs management strategy with a 3-year time horizon, which is henceforth revised annually in order to align with changes in the operating environment and the Bank's strategic priorities. Following the submissions of 2017 and 2018, Eurobank and all Greek systemic banks responded to the new regulatory framework and SSM requirements and submitted in March 2019 their new NPE management strategy for 2019-21, along with NPE stock annual targets at both bank and, for the first time, group level. Specifically for Eurobank, the new submission has taken into account the NPE reduction acceleration plan that was announced in the context of its transformation plan and aims to achieve a Group NPE ratio of ca. 16% in 2019 and a single digit by 2021. The mix of solutions to be used is differentiated versus the previous submission, involving mainly securitization of NPEs, as well as organic reduction, including collateral liquidations.

The Bank has fully embedded the NPEs strategy into its management processes and operational plan. The supervisory authority reviews the course to meeting the operational targets on a quarterly basis and might request additional corrective measures if deemed necessary.

Legal framework

A new protection scheme on primary residence was voted by the Greek Parliament in March 2019 (Law 4605/2019), which is expected to bolster the Banks' efforts to reduce NPEs through a more effective mechanism to work out troubled loans, a restriction of strategic defaulters and, ultimately, an improvement in payment discipline.

Non-performing loans classified as held for sale

As mentioned in the note "Acceleration Plan for NPEs reduction and Hive down", in June 2019 the Bank entered into an agreement with an international investor on Project Pillar. Upon closing of the transaction and as a result of the notes' disposal, the Bank will transfer substantially all risks and rewards of ownership and will derecognize the loan portfolio. Consequently, as at 30 June 2019, the portfolio comprising loans with gross carrying amount of €1,987m, which carried an impairment allowance of €845m, has been classified as held for sale.

In addition, during the second quarter of 2019, the Bank has signed a binding agreement for the disposal of a non-performing corporate loans' portfolio. Accordingly, gross loans of €37m, which carried an impairment allowance of €29m were classified as held for sale, as their sale was considered highly probable.

Macroeconomic Outlook and Risks

The Third Economic Adjustment Program (TEAP) for Greece was concluded successfully on 20 August 2018. According to the European Commission, Greece received ca. €61.9bn out of the €86.0bn of the TEAP's financial envelope. The remaining €24.1bn were returned to the European Stability Mechanism (ESM) at the end of the TEAP. Following the successful conclusion of the TEAP in August 2018, Greece has entered into the Enhanced Surveillance (ES) with the European Commission according to Regulation (EU) No472/2013 which

REPORT OF THE DIRECTORS

foresees quarterly reviews. The first, second and third quarterly reviews under the ES were completed at the end of November 2018, early March 2019 and early June 2019 respectively. On 5 April 2019, the Eurogroup endorsed the release of the first set of policy-contingent debt measures of ca. €1.0bn including €0.4bn from the reduction of the step-up interest rate margin and €0.6bn from the “Securities Markets Program - Agreement on Net Financial Assets” (SMP-ANFA) income equivalent returns. The latter amount was disbursed to Greece in May 2019. The conclusion of the fourth review is expected in mid-September 2019.

Almost €11.0bn from the total of €61.9bn received were used for the creation of a cash buffer aiming to facilitate Greece’s access to the international markets in the post program period. According to the ES, the cash buffer was at €24.3bn at the end of March 2019. The cash buffer including the cash reserves of the various general government entities was at €33.7bn according to the Greek Public Debt Management Agency (PDMA) and was enough for covering 4 years of gross financing needs under the assumption that the current stock of treasury bills (t-bills) will be rolled over or 2 year of gross financing needs after the end of the program under the assumption of the non-roll-over of the current stock of t-bills.

On 1 March 2019, Moody’s upgraded the Greek sovereign rating from B3 to B1 on the basis of the improved economic performance, the ongoing implementation of the ES, the track of strong fiscal performance, the public debt sustainability after the implementation of the medium term debt relief measures in June 2018 and the recent re-established of market access. The sovereign’s rating is still significantly below the investment grade rating but the ratings upgrades, the successful graduation from the TEAP, the conclusion of the three consecutive ES reviews and the developments in the fiscal front together with the new pro-reform government formed after the 7 July 2019 general elections, led to the improvement of the yield of the Greek 10-years bonds by ca. 235 basis points between the end of August 2018, just after the end of the TEAP, and 25 July 2019. On the back of this environment, the PDMA established market access with the successful issuance of a 5-year bond of €2.5bn at a yield of 3.6% on 29 January 2019, a 10-year bond of €2.5bn at a yield of 3.9% on 6 March 2019 and a 7-year bond of €2.5bn at a yield of 1.9% on 16 July 2019.

According to the Hellenic Statistical Authority (ELSTAT) data, in 2017 and 2018 real GDP growth rate turned positive, but lower compared to official sector forecasts, at 1.5% and 1.9% respectively. According to the Stability Program submitted by the Greek government to the European Commission in April 2019, the 2019 real GDP growth rate forecast is expected at 2.3%, conditional on the prompt ES implementation, ownership of reforms and a benign external environment. According to the recent European Commission’s 2019 Summer Forecasts, real GDP growth in Greece is expected at 2.1% and 2.2% for 2019 and 2020 respectively.

On the fiscal front, according to the Ministry of Finance and on the basis of ELSTAT’s first notification for the 2018 fiscal data, the primary surplus for 2018 was at 4.3% of GDP significantly above the respective ES target of 3.5% of GDP. The 2018 public debt was at 181.1% of GDP. According to the Stability Program the primary surplus for 2019 and 2020 is expected at 4.1% and 3.9% of GDP respectively. According to the European Commission’s Spring forecasts, public debt for 2019 and 2020 is expected at 174.9% and 168.9% of GDP respectively. Under the ES baseline scenario, public debt is expected below 90% of GDP in 2060. The European Commission, in its 2018 Fiscal Stability Report (January 2019) expected – conditional on the continuation of the ES implementation – limited short term risks in terms of fiscal sustainability as a result of the structure of Greek debt (long maturities and high official sector ownership), the medium term debt relief measures decided on the 21 June 2018 Eurogroup, the primary surpluses achieved so far and the commitment of the Greek authorities to continue this performance.

Risks continue to surround the near-term domestic economic outlook. Based on ELSTAT data, the unemployment rate in April 2019 was at 17.6% from 19.8% in April 2018, pointing towards a slow path of decline, conditional on no unforeseen negative developments in the upcoming period. According to the Stability Program, the unemployment rate is expected at 17.8% in 2019 from 19.3% in 2018. According to ELSTAT, the harmonized index of consumer prices (HICP) in 2018 increased by 0.8% on an annual basis. Based on ELSTAT data, the HICP was at 0.2% in June 2019 from 1.0% in June 2018. On an annual basis, according to the European Commission’s Summer forecasts the percentage change of HICP for 2019 and 2020 is expected to remain stable at 0.8%.

The ongoing deleveraging in the Greek economy can be considered as a major drag for recovery. According to the BoG data, i.e. in June 2019, the private sector domestic credit balance stood at €160.8bn from €178.5bn in June 2018, a decrease of -9.9%. A significant part of this deleveraging was due to the reduction of the stock

REPORT OF THE DIRECTORS

of NPEs. On the other side of the ledger, private sector domestic deposits amounted to €136.9bn in June 2019 from €129.4bn in June 2018, registering an increase of 5.8%.

Regarding the economic developments in the region, the national accounts second estimates of the first quarter of 2019 confirmed the positive picture illustrated by the flash estimates. Despite the anticipated slowdown of the Euroarea (EA-19) – the main trade partner - which would have a detrimental impact on the growth prospects, the broader Central, Eastern and South-eastern Europe (CESEE) group of economies turned out to be more resilient than initially expected on solid domestic demand dynamics. Furthermore, mounting global trade risks and the risk of higher commodity and global energy prices on top of the cyclical slowdown could have a more negative impact on the growth prospects of the broader CESEE region in late 2019-2020. However, the economies, in which the Group has a substantial presence, continue to be among the top-performers in European Union (EU-28).

At a country level, Bulgaria is expected to demonstrate another year of solid growth in 2019. In the first quarter 2019 real GDP growth accelerated to 3.5% year - on - year from 3.1% in 2018. The economy benefits from an improving labour market, a strong real wage growth, an accelerating credit activity, a more expansionary fiscal policy, an increased tourism flows and an improved EU-funds absorption. Meanwhile, the Exchange Rate Mechanism (ERM II) and the Banking Union application entry preparations are underway. Those include several commitments to strengthen banking supervision in close cooperation with the ECB, which will conduct a comprehensive assessment of six Bulgarian banks, to enhance the supervision of the non-banking financial sector, to address gaps in the insolvency framework, to strengthen the anti-money laundering framework and to improve the governance of state-owned enterprises.

The growth prospects in Cyprus are decelerating towards more sustainable levels in 2018-2019. According to preliminary estimates, GDP growth for the first quarter 2019 reached at 3.4% year - on - year lower than 3.9% in 2018. Economic activity is supported by sustained sentiment improvement, improved labour market conditions, further property market stabilization, the impact from fiscal relaxation and a number of ongoing residential and tourism infrastructure construction projects underpinned by the program “citizenship by investment”. The liquidation of the Cyprus Co-operative Bank (CCB) and the sales of NPEs have driven the NPEs ratio to 30.3% in December 2018 from 43.7% in December 2017. Further progress in the issue of NPEs depends upon the implementation of the “ESTIA” plan, a subsidy scheme introduced by the government to help vulnerable groups of borrowers, and upon the reformed insolvency and foreclosures frameworks. In late April 2019, Cyprus proceeded with the issuance of a new 30 - year bond for the first time in its history at a relatively low yield demonstrating its uninterrupted funding capacity. Currently, only Moody’s-among the major ratings agencies (Standard & Poor’s, Fitch and DBRS)-rates Cyprus below investment grade (currently at Ba2).

Having expanded by 4.3% in 2018, the fastest rate in the last ten years, the economy of Serbia decelerated to 2.5% year - on - year in the first quarter 2019 and it is expected to decelerate to 3.5% in 2019, due to the negative base effects from the extraordinary performance of agriculture and energy sectors in the past year and external environment headwinds. Domestic demand is widely expected to remain the key driver of growth. Private consumption will most probably receive further support from the rise of disposable incomes as a result of the wage increases and pensions hikes. The planned increase in public investments together with the sustained performance of foreign direct investment (FDI) inflows will maintain total investments relatively strong. However, net exports will remain a drag. Moreover, the 30-month non-financial advisory in the form of “Policy Coordination Instrument” (PCI) that has been established by the IMF is broadly on track, enabling the country to continue structural and institutional reforms and providing a valuable policy anchor going forward. Finally, in June 2019 Serbia proceeded with the issuance of a new 10 year bond in Euro of €1bn for the first time in six years at a yield of 1.6%.

Regarding the outlook for the next 12 months, the main macroeconomic risks and uncertainties in Greece are associated with (a) the adherence to established reforms and the unimpeded implementation of the reforms and privatisations’ agenda in order to meet the ES targets and milestones, (b) the impact on the level of economic activity and on the attraction of direct investments from the fiscal and social security-related measures agreed under the reviews of the TEAP and the ES (c) the ability to attract new investments in the country and (d) the geopolitical and macroeconomic conditions in the near or in broader region, including the impacts of a persistent low/negative rates’ environment and the external shocks from a slowdown in the regional and / or global economy. Materialization of those risks would have potentially adverse effects on the

REPORT OF THE DIRECTORS

liquidity, solvency and profitability of the Greek banking sector. The Group monitors closely the developments in the Greek and regional macroeconomic environment taking into account its direct and indirect exposure to sovereign risk.

Specifically, concerning Brexit, under a no-deal scenario there will be no agreement between the United Kingdom (UK) and the EU on how their post exit trade relationship would evolve, there will be no transition period, and thus customs and regulatory controls would need to be applied immediately upon exit. The main risks for Greece stem a) from the external balance of goods and services between Greece and the UK and b) in terms of the EU budget impact i.e. if the UK exits the EU there might be a risk regarding the actual size of available funds for Greece.

On the other hand, the decisive implementation of the reforms agreed in the context of the ES, the mobilization of EU funding to support domestic investment and job creation, the attraction of foreign and domestic capital and the adoption of an extrovert economic development model will improve the confidence in the prospects of the Greek economy and the further stabilization of the domestic economic environment, which are necessary conditions for the return of the country to a strong and sustainable growth path.

Share Capital

As at 31 December 2018, the Bank's share capital amounted to €655,799,629.50, divided into 2,185,998,765 ordinary registered voting shares of a nominal value of €0.30 each, which represented the total share capital of the Bank. On 5 April 2019, the Extraordinary General Meeting of the Bank's Shareholders approved the merger of the Bank with Grivalia by absorption of the latter by the former and resolved the increase of the share capital of the Bank by the amount of €164,848,663.17, which corresponded to the share capital of Grivalia, and by the amount of €32,458,933.29, derived from taxed profits for rounding reasons of the nominal value of the new common share of the Bank, which is amended from €0.30 to €0.23. Following the above increases, the Bank's total share capital amounted on 30 June 2019 (and amounts up to date) to €853,107,225.96 divided into 3,709,161,852 common voting shares of nominal value of €0.23 each. All shares are registered, listed on the Athens Exchange and incorporate all the rights and obligations set by the Greek legislation. As at 30 June 2019, the number of Eurobank shares held by the Group's subsidiaries in the ordinary course of their business was 4,240,984 (31 December 2018: 1,194,032) (note 26 to the consolidated financial statements).

Finally, as at 30 June 2019, the percentage of the ordinary voting shares of the Bank held by the Hellenic Financial Stability Fund (HFSF) amounted (and amounts up to date) to 1.40%. It is noted that, according to the Law 3864/2010 as in force, the HFSF has restricted voting rights⁴.

Dividends

Based on the 2018 results in combination with the article 159 of Company Law 4548/2018, the distribution of dividends is not permitted. Under article 10 par.3 of Law 3864/2010 for the "establishment of a Hellenic Financial Stability Fund", for as long the HFSF participates in the share capital of the Bank, the amount of dividends that may be distributed to shareholders of the Bank cannot exceed 35% of the profits as provided in article 161 par. 2 of Company Law 4548/2018.

Board of Directors

The Board of Directors (BoD) was elected by the Annual General Meeting of the Shareholders of the Bank (AGM) held on 10 July 2018 for a three years term of office that will expire on 10 July 2021, prolonged until the end of the period the AGM for the year 2021 will take place.

Furthermore, following the decision of the Chairman of Eurobank's BoD Mr. Nikolaos Karamouzis to step down from the position of the Chairman and member of Eurobank's BoD at the end of March 2019, the BoD at its meetings held on 29 March and 1 April 2019 appointed Mr. George Zantias as the new non-executive Chairman of the Bank's BoD in replacement and for an equal term to the remaining term of the resigned member.

⁴ Information regarding HFSF's rights as owner of Bank's ordinary shares, according to Law 3864/2010 and the Relationship Framework Agreement (RFA), is included in Corporate Governance Code and Statement.

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In addition, following the resignation of Ms. Lucrezia Reichlin, effective as of 1 April 2019, the BoD of the Bank decided on 1 April 2019 not to replace her and the continuation of the management and representation of the Bank by the BoD without her replacement.

The Extraordinary General Meeting of the Shareholders of the Bank (EGM) held on 5 April 2019 approved the appointment of Mr. Nikolaos Bertzos as new independent non-executive member of the Bank's BoD, whose term of office will expire concurrently with the term of office of the other members of the BoD. Same day (5 April 2019), the BoD decided on its constitution, on the appointment of the Chief Executive Officer and the Deputy Chief Executive Officers and on the determination of its executive and non-executive Directors.

Finally, following the submission of the resignation from the Bank's BoD of Ms. Aikaterini Beritsi, representative of the HFSF to the Bank's BoD, effective on 15 July 2019, the Bank's BoD decided on 31 July 2019 the integration of the new representative of the HFSF Mr. Konstantinos Angelopoulos to the Bank's BoD, in replacement of Ms. Aikaterini Beritsi, and his appointment as non-executive member of the BoD. The appointment of the new member of the BoD will be announced to the next General Meeting of the Shareholders of the Bank.

The Bank's Board is set out in note 33 to the consolidated financial statements. Personal details of the Directors are available on the website of Eurobank (www.eurobank.gr).

Related party transactions

As at 30 June 2019, the Group's outstanding balances of the transactions and the relating net income / expense for first half of 2019 with (a) the key management personnel (KMP) and the entities controlled or jointly controlled by KMP are: compensation €3.8m, receivables €6.7m, liabilities €21.8m, guarantees received €0.03m, guarantees issued €0.01m, net expense €4.4m (mainly related to the services agreement with Grivalia Management Company S.A.) and (b) the associates and joint ventures are: receivables €30.3m, liabilities €62.3m, net expense €12.3m.

At the same date, the Bank's outstanding balances of the transactions and the relating net income / expense for first half of 2019 with (a) the KMP and the entities controlled or jointly controlled by KMP are: compensation €3.5m, receivables €6.7m, liabilities €13.3m, guarantees received €0.03m, guarantees issued €0.01m, net expense €4.34m, (b) the associates and joint ventures are: receivables €16.0m, liabilities €60.1m, net expense €8.6m and (c) the subsidiaries are: receivables €2,305m, liabilities €3,146m, guarantees issued €1,380m, net expense €17.3m. The major balances⁵ of the Bank's transactions with (a) its subsidiaries and (b) its associates are presented in the below table:

€ million	Assets	Liabilities	Income	Expenses	Guarantees (Net)
A. SUBSIDIARIES					
Eurobank Ergasias Leasing S.A.	757	8	8	(0)	1
Eurobank Asset Management Mutual Fund Mngt Company S.A.	1	24	2	(1)	-
Eurobank Factors S.A.	495	2	5	(0)	200
Eurobank FPS Loans and Credits Claim Management S.A.	2	14	5	(18)	-
Be Business Exchanges S.A. of Business Exchanges Networks and Accounting and Tax Services	0	3	0	(3)	-
Eurobank A.D. Beograd	1	31	1	(1)	-
Eurobank Bulgaria A.D.	5	619	1	(9)	-
Eurobank Fund Management Company (Luxembourg) S.A.	1	0	3	(0)	-
ERB New Europe Holding B.V.	-	163	-	(0)	-
Eurobank Cyprus Ltd	76	1,332	3	(12)	45
Eurobank Private Bank Luxembourg S.A.	759	502	8	(6)	942
Hellenic Post Credit S.A.	129	29	0	(0)	-
Piraeus Bank Bulgaria A.D.	-	210	-	(0)	-
B. ASSOCIATES					
Eurolife ERB Insurance Group Holdings S.A. (group)	5	18	10	(19)	-

⁵ Exceeding an amount of €100m in assets/liabilities or €1m in income/expenses for the Bank's transactions with its subsidiaries and associates.

REPORT OF THE DIRECTORS

All transactions with related parties are entered into the normal course of business and are conducted on an arm's length basis. Further information is provided in the note 32 to the consolidated financial statements and note 29 to the financial statements of the Bank.

Georgios Zantias
Chairman

Fokion Karavias
Chief Executive Officer

28 August 2019

REPORT OF THE DIRECTORS

APPENDIX

Definition of Alternative Performance Measures (APMs) in accordance with European Securities and Markets Authority (ESMA) guidelines, which are included in the Report of Directors for the first half of 2019:

- a) **Loans to Deposits ratio:** Loans and advances to customers at amortised cost divided by due to customers at the end of the reported period,
- b) **Pre-Provision Income (PPI):** Profit from operations before impairments, provisions and restructuring costs as disclosed in the financial statements for the reported period,
- c) **Core Pre-provision Income (Core PPI):** The total of net interest income, net banking fee and commission income and income from non banking services minus the operating expenses of the reported period,
- d) **Net Interest Margin (NIM):** The net interest income of the reported period, annualised and divided by the average balance of continued operations' total assets (the arithmetic average of total assets, excluding discontinued operations', at the end of the reported period and at the end of the previous period),
- e) **Fees and commissions:** The total of net banking fee and commission income and income from non banking services of the reported period,
- f) **Income from trading and other activities:** The total of net trading income, gains less losses from investment securities and other income/ (expenses) of the reported period,
- g) **Cost to Income ratio:** Total operating expenses divided by total operating income,
- h) **Net profit from continuing operations, before restructuring costs:** Net profit from continuing operations after deducting restructuring costs net of tax,
- i) **Non-performing exposures (NPEs):** Non Performing Exposures (in compliance with EBA Guidelines) are the Group's material exposures which are more than 90 days past-due or for which the debtor is assessed as unlikely to pay its credit obligations in full without realization of collateral, regardless of the existence of any past due amount or the number of days past due. The NPEs, as reported herein, refer to the gross loans at amortised cost except for those that have been classified as held for sale,
- j) **NPEs ratio:** Non Performing Exposures (NPEs) divided by gross loans and advances to customers at amortised cost at the end of the reported period,
- k) **NPEs formation:** Net increase/decrease of NPEs in the reported period excluding the impact of write offs, sales and other movements,
- l) **NPEs Coverage ratio:** Impairment allowance for loans and advances to customers, including impairment allowance for credit related commitments (off balance sheet items), divided by NPEs at the end of the reported period,
- m) **Provisions (charge) to average Net Loans ratio (Cost of Risk):** Impairment losses on loans and advances charged in the reported period, annualised and divided by the average balance of loans and advances to customers at amortised cost (the arithmetic average of loans and advances to customers at amortised cost, including those that have been classified as held for sale, at the end of the reported period and at the end of the previous period),

Definition of capital ratios in accordance with the regulatory framework, which are included in the Report of Directors for the first half of 2019:

- a) **Total Capital Adequacy ratio:** Total regulatory capital as defined by Regulations (EU) No 575/2013 and No 2395/2017 based on the transitional rules for the reported period, divided by total Risk Weighted Assets (RWA). The RWA are the Group's assets and off-balance-sheet exposures, weighted according to risk factors based on Regulation (EU) No 575/2013, taking into account credit, market and operational risk,
- b) **Common Equity Tier 1 (CET1):** Common Equity Tier I regulatory capital as defined by Regulations (EU) No 575/2013 and No 2395/2017 based on the transitional rules for the reported period, divided by total Risk Weighted Assets (RWA),
- c) **Fully loaded Common Equity Tier I (CET1):** Common Equity Tier I regulatory capital as defined by Regulations No 575/2013 and No 2395/2017 without the application of the relevant transitional rules, divided by total RWA.

Source of financial Information

The Directors' Report includes financial data and measures as derived from the Bank's interim consolidated financial statements for the six months ended 30 June 2019 and the consolidated financial statements for the year ended 31 December 2018, which have been prepared in accordance with International Financial

REPORT OF THE DIRECTORS

Reporting Standards (IFRS). In addition, it includes information as derived from internal information systems, consistent with the Group's accounting policies, such as the selected financial information for the Group's two main reportable segments a) Greek Operations, which incorporate the business activities originated from the Bank and the Greek subsidiaries and b) International Operations, which incorporate the business activities originated from the banks and the local subsidiaries operating in Bulgaria, Serbia, Cyprus and Luxembourg (as described at the relevant section on page 5).

***III. Independent Auditor's Report on Review of Interim Condensed
Financial Information
(on the Interim Consolidated Financial Statements)***



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Independent Auditor's Report on Review of Interim Condensed Financial Information (Translated from the original in Greek)

To the Shareholders of
Eurobank Ergasias S.A.

Introduction

We have reviewed the accompanying interim consolidated balance sheet of Eurobank Ergasias S.A. (the "Bank") as at 30 June 2019 and the related interim consolidated statements of Income and Comprehensive Income, Changes in Equity and Cash Flows for the six-month period then ended and the selected explanatory notes, which comprise the interim condensed financial information and which forms an integral part of the six-month financial report of articles 5 and 5a of Law 3556/2007. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with the International Financial Reporting Standards as adopted by the European Union and specifically with International Accounting Standard (IAS) 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 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, as incorporated in Greek Law, 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 interim condensed financial information as at 30 June 2019 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".



Report on Other Legal and Regulatory Requirements

Our review did not identify any material inconsistency or error in the statements of the members of the Board of Directors and in the information of the six-month financial report of the Board of Directors as defined in articles 5 and 5a of L. 3556/2007 in relation to the accompanying interim condensed financial information.

Athens, 30 August 2019

KPMG Certified Auditors S.A.
AM SOEL 114

Harry Sirounis, Certified Auditor Accountant
AM SOEL 19071

***IV. Interim Consolidated Financial Statements
for the six months ended 30 June 2019***



EUROBANK ERGASIAS S.A.

**INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

FOR THE SIX MONTHS ENDED

30 JUNE 2019

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Interim Consolidated Balance Sheet

	Note	30 June 2019 € million	31 December 2018 € million
ASSETS			
Cash and balances with central banks		3,311	1,924
Due from credit institutions		3,056	2,307
Securities held for trading		119	43
Derivative financial instruments	14	2,351	1,871
Loans and advances to customers	15	35,828	36,232
Investment securities	16	7,097	7,772
Investments in associates and joint ventures	18	211	113
Property, plant and equipment	19	787	353
Investment property	19	1,113	316
Intangible assets	31	419	183
Deferred tax assets	12	4,861	4,916
Other assets	20	2,092	1,934
Assets of disposal groups classified as held for sale	15	1,150	20
Total assets		62,395	57,984
LIABILITIES			
Due to central banks	21	1,250	2,050
Due to credit institutions	22	6,639	6,376
Derivative financial instruments	14	2,736	1,893
Due to customers	23	41,344	39,083
Debt securities in issue	24	2,762	2,707
Other liabilities	25	1,265	844
Total liabilities		55,996	52,953
EQUITY			
Share capital	26	852	655
Share premium	26	8,053	8,055
Reserves and retained earnings		(2,548)	(3,721)
Preferred securities	27	42	42
Total equity		6,399	5,031
Total equity and liabilities		62,395	57,984

Notes on pages 6 to 47 form an integral part of these interim consolidated financial statements

Interim Consolidated Income Statement

	Note	Six months ended 30 June		Three months ended 30 June	
		2019	2018	2019	2018
		€ million	€ million	€ million	€ million
Net interest income	7	685	711	342	356
Net banking fee and commission income	8	134	133	71	72
Income from non banking services	31	22	5	19	2
Net trading income/(loss)		(6)	11	(6)	3
Gains less losses from investment securities	16	44	46	32	22
Other income/(expenses)	12,31	33	7	31	6
Operating income		912	913	489	461
Operating expenses	9	(442)	(436)	(224)	(217)
Profit from operations before impairments, provisions and restructuring costs		470	477	265	244
Impairment losses relating to loans and advances to customers	10	(348)	(337)	(183)	(170)
Other impairment losses and provisions	11	(17)	(4)	(11)	(2)
Restructuring costs	11	(81)	(44)	(75)	(8)
Share of results of associates and joint ventures	18	3	27	2	15
Profit/(loss) before tax		27	119	(2)	79
Income tax	12	2	(37)	8	(29)
Net profit from continuing operations		29	82	6	50
Net loss from discontinued operations	13	(3)	(46)	(0)	(49)
Net profit attributable to shareholders		26	36	6	1
		€	€	€	€
Earnings per share					
-Basic and diluted earnings per share	6	0.01	0.02	0.00	0.00
Earnings per share from continuing operations					
-Basic and diluted earnings per share	6	0.01	0.04	0.00	0.02

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Interim Consolidated Statement of Comprehensive Income

	Six months ended 30 June		Three months ended 30 June	
	2019	2018	2019	2018
	€ million	€ million	€ million	€ million
Net profit	26	36	6	1
Other comprehensive income:				
Items that are or may be reclassified subsequently to profit or loss:				
Cash flow hedges				
- changes in fair value, net of tax	1	11	1	6
- transfer to net profit, net of tax	(11)	(7)	(5)	(3)
	4		(4)	3
Debt securities at FVOCI				
- changes in fair value, net of tax (note 16)	447	(49)	314	12
- transfer to net profit, net of tax	(216)	(35)	(102)	(15)
	(84)			(3)
Foreign currency translation				
- foreign operations' translation differences	1	(10)	0	(5)
- transfer to net profit on disposal of foreign operations (note 13)	0	34	0	34
	24			29
Associates and joint ventures				
- changes in the share of other comprehensive income, net of tax	37	(28)	23	(12)
	(28)		(12)	(12)
Other comprehensive income	259	(84)	231	17
Total comprehensive income attributable to shareholders:				
- from continuing operations	288	(48)	237	22
- from discontinued operations	(3)	0	-	(4)
	285	(48)	237	18

Notes on pages 6 to 47 form an integral part of these interim consolidated financial statements

Interim Consolidated Statement of Changes in Equity

	Ordinary share capital € million	Share premium € million	Special reserves € million	Retained earnings € million	Preference shares € million	Preferred securities € million	Non controlling interests € million	Total € million
Balance at 1 January 2018	655	8,055	8,005	(10,561)	950	43	3	7,150
Impact of adopting IFRS 9 at 1 January 2018	-	-	9	(1,094)	-	-	(0)	(1,085)
Balance at 1 January 2018, as restated	655	8,055	8,014	(11,655)	950	43	3	6,065
Net profit	-	-	-	36	-	-	0	36
Other comprehensive income	-	-	(84)	-	-	-	0	(84)
Total comprehensive income for the six months ended 30 June 2018	-	-	(84)	36	-	-	0	(48)
Redemption of preference shares	-	-	-	-	(950)	-	-	(950)
Share capital decrease in subsidiaries with non controlling interests	-	-	-	-	-	-	(1)	(1)
Changes in participating interests in subsidiary undertakings	-	-	-	(0)	-	-	(2)	(2)
(Purchase)/sale of treasury shares	(0)	(1)	-	0	-	-	-	(1)
Preferred securities' dividend paid and buy back, net of tax	-	-	-	(0)	-	(1)	-	(1)
	(0)	(1)	-	(0)	(950)	(1)	(3)	(955)
Balance at 30 June 2018	655	8,054	7,930	(11,619)	-	42	0	5,062
Balance at 1 January 2019	655	8,055	7,797	(11,518)	-	42	0	5,031
Net profit	-	-	-	26	-	-	0	26
Other comprehensive income	-	-	259	-	-	-	-	259
Total comprehensive income for the six months ended 30 June 2019	-	-	259	26	-	-	0	285
Merger with Grivalia Properties REIC (note 31)	197	-	-	890	-	-	-	1,087
(Purchase)/sale of treasury shares (note 26)	(0)	(2)	-	(1)	-	-	-	(3)
Preferred securities' dividend paid, net of tax	-	-	-	(1)	-	-	-	(1)
	197	(2)	-	888	-	-	-	1,083
Balance at 30 June 2019	852	8,053	8,056	(10,604)	-	42	0	6,399
	Note 26	Note 26			Note 24	Note 27		

Notes on pages 6 to 47 form an integral part of these interim consolidated financial statements

Interim Consolidated Cash Flow Statement

		Six months ended 30 June	
		2019	2018
Note		€ million	€ million
Cash flows from continuing operating activities			
Profit before income tax from continuing operations		27	119
Adjustments for :			
Impairment losses relating to loans and advances to customers	10	348	337
Other impairment losses, provisions and restructuring costs	11	98	48
Depreciation and amortisation	9	59	31
Other (income)/losses on investment securities	29	10	(73)
(Income)/losses on debt securities in issue	24	38	35
Other adjustments	31	(33)	(29)
		547	468
Changes in operating assets and liabilities			
Net (increase)/decrease in cash and balances with central banks		(69)	(116)
Net (increase)/decrease in securities held for trading		(76)	(37)
Net (increase)/decrease in due from credit institutions		(542)	104
Net (increase)/decrease in loans and advances to customers		(584)	(410)
Net (increase)/decrease in derivative financial instruments		144	26
Net (increase)/decrease in other assets		(137)	(202)
Net increase/(decrease) in due to central banks and credit institutions		(742)	(3,671)
Net increase/(decrease) in due to customers		1,160	2,545
Net increase/(decrease) in other liabilities		(14)	(91)
		(860)	(1,852)
Income tax paid		(10)	(8)
Net cash from/(used in) continuing operating activities		(323)	(1,392)
Cash flows from continuing investing activities			
Acquisition of fixed and intangible assets		(50)	(55)
Proceeds from sale of fixed and intangible assets		13	33
(Purchases)/sales and redemptions of investment securities		1,327	626
Acquisition of subsidiaries and Grivalia, net of cash acquired	31	450	(7)
Acquisition of holdings in associates and joint ventures	18	(1)	-
Disposal of subsidiaries, net of cash disposed	17	8	(93)
Dividends from investment securities, associates and joint ventures		4	17
Net cash from/(used in) continuing investing activities		1,751	521
Cash flows from continuing financing activities			
(Repayments)/proceeds from debt securities in issue	24	18	776
Capital return from discontinued operations		-	50
Repayment of lease liabilities	29	(20)	-
Preferred securities' dividend paid	27	(2)	(1)
(Purchase)/sale of treasury shares		(3)	(1)
Redemption of preference shares, net of expenses	24	-	(4)
Net cash from/(used in) continuing financing activities		(7)	820
Effect of exchange rate changes on cash and cash equivalents		0	0
Net increase/(decrease) in cash and cash equivalents from continuing operations		1,421	(51)
Net cash flows from discontinued operating activities		-	(104)
Net cash flows from discontinued investing activities		-	1
Net cash flows from discontinued financing activities		-	(51)
Effect of exchange rate changes on cash and cash equivalents		-	0
Net increase/(decrease) in cash and cash equivalents from discontinued operations		-	(154)
Cash and cash equivalents at beginning of period	29	1,949	2,143
Cash and cash equivalents at end of period	29	3,370	1,938

Notes on pages 6 to 47 form an integral part of these interim consolidated financial statements

Selected Explanatory Notes to the Interim Consolidated Financial Statements

1. General information

Eurobank Ergasias S.A. (the Bank) and its subsidiaries (the Group) are active in retail, corporate and private banking, asset management, treasury, capital markets and other services. The Bank is incorporated in Greece and its shares are listed on the Athens Stock Exchange. The Group operates mainly in Greece and in Central and Southeastern Europe.

These interim consolidated financial statements were approved by the Board of Directors on 28 August 2019. The Independent Auditor's Report on Review of Interim Financial Information is included in the Section III of the Financial Report for the period ended 30 June 2019.

2. Basis of preparation and principal accounting policies

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting' as adopted by the European Union (EU). The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2018. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period. Except as indicated, financial information presented in euro has been rounded to the nearest million.

The accounting policies and methods of computation in these interim consolidated financial statements are consistent with those in the consolidated financial statements for the year ended 31 December 2018, except as described below.

Going concern considerations

The interim financial statements have been prepared on a going concern basis, as the Board of the Directors considered as appropriate, taking into consideration the following:

a) The Group operates in an environment of positive growth rates both in Greece and the other countries, in which it has a substantial presence. Specifically, in 2019, real GDP for Greece (Group's main market) is expected to grow by 2.1% according to the July 2019 forecast by European Commission (2018: 1.9%, according to the Hellenic Statistical Authority's (ELSTAT)). Based on ELSTAT and Ministry of Finance data, the unemployment rate in April 2019 was at 17.6% (April 2018: 19.8%) and the 2018 fiscal primary surplus was at 4.3% of GDP. The Stability Programme's fiscal primary surplus forecast for 2019 is at 4.1% of GDP.

Following the successful conclusion of the third economic adjustment program (TEAP) in August 2018, Greece has entered into the Enhanced Surveillance (ES), which foresees quarterly reviews. So far, Greece has completed the first three consecutive reviews, the last of them was completed in early June 2019. The conclusion of the fourth review is expected in mid-September 2019. On 5 April 2019, the Eurogroup endorsed the release of the first set of policy-contingent debt measures of € 970 million. In the first half of 2019, the Greek sovereign established market access with the successful issuance of a 5-year bond of € 2.5 bn at a yield of 3.6% on 29 January 2019, a 10-year bond of € 2.5 bn at a yield of 3.9% on 6 March 2019 and a 7-year bond of € 2.5 bn at a yield of 1.9% on 16 July 2019.

Regarding the outlook for the next 12 months, the major macroeconomic risks and uncertainties in Greece are associated with (i) the adherence to established reforms and the unimpeded implementation of the reforms and privatisations' agenda in order to meet the ES targets and milestones, (ii) the impact on the level of economic activity and on the attraction of direct investments from the fiscal and social security-related measures agreed under the reviews of the TEAP and the ES, (iii) the ability to attract new investments in the country and (iv) the geopolitical and macroeconomic conditions in the near or in broader region, including the impacts of a persistent low/negative rates' environment and the external shocks from a slowdown in the regional and/ or global economy. Materialization of those risks would have potentially adverse effects on the liquidity, solvency and profitability of the Greek banking sector. The Group monitors closely the developments in the Greek and regional macroeconomic environment taking into account its direct and indirect exposure to sovereign risk.

b) The merger with Grivalia completed in May 2019 has further enhanced Eurobank's capital, leading the total CAD and the CET1 ratios to 18.4% and 15.9% respectively as at 30 June 2019. The net profit attributable to shareholders amounted to € 26 million (€ 90 million net profit from continuing operations before € 61 million restructuring costs, after tax) for the first half of 2019. Furthermore, the Bank has eliminated the use of ELA as of end January 2019. In the first half of 2019, the Group deposits have been

Selected Explanatory Notes to the Interim Consolidated Financial Statements

increased by € 2.2 bn (out of which € 1.1 bn is associated with the acquisition of Piraeus Bank Bulgaria) to € 41.3 bn (31 December 2018: € 39.1 bn), improving the Group's (net) loans to deposits (L/D) ratio to 86.5% as at 30 June 2019 (31 December 2018: 92.6%).

c) At the end of June 2019, the Bank reached a binding agreement for the sale of 95% of the mezzanine and junior notes of a securitization of a residential mortgage loan portfolio of ca. € 2 bn gross book value (project Pillar comprising primarily NPEs) which represents the second significant milestone of the Bank's frontloaded plan for derisking its balance sheet (note 15). As at 30 June 2019 and taking into account the above transaction, the Group NPEs at amortized cost have been reduced to € 14.3 bn, driving the NPE ratio to 32.8% (31 December 2018: 37%). Going forward, the Bank is in process of completing the next two steps of its plan, specifically, a) the sale of 20% of the mezzanine and junior notes of a securitization of a mixed assets portfolio of NPEs with a gross book value of ca. € 7.5 bn (Project Cairo) and b) the sale of a majority stake in Financial Planning Services S.A. (FPS), the licensed 100%-owned loan servicer of Eurobank (Project Europe) (note 24).

Going concern assessment

The Board of Directors, taking into account the above factors relating to the adequacy of the Group's capital and liquidity position as well as the progress that has been made in executing its NPE reduction acceleration plan, has been satisfied that the financial statements of the Group can be prepared on a going concern basis.

New and amended standards and interpretations adopted by the Group

The following new standards, amendments to standards and new interpretations as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IC) and endorsed by the European Union (EU), apply from 1 January 2019:

IFRS 9, Amendment—Prepayment Features with Negative Compensation

The amendment changes IFRS 9 requirements in order to allow measurement of a financial asset at amortized cost or at FVOCI, depending on the business model, even in the case of prepayment options which could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). Therefore, these financial assets can now be measured at amortised cost or at FVOCI, regardless of the event or circumstance that caused the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination. Applying IFRS 9 before the amendment would probably result in these financial assets failing the "Solely Payments of Principal and Interest" criterion and thus being measured at FVTPL.

The amendment also confirms the modification accounting of financial liabilities under IFRS 9. Specifically, when a financial liability measured at amortized cost is modified without this resulting in derecognition, a gain or loss, calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, should be recognized in profit or loss.

The adoption of the amendment had no impact on the Group's interim consolidated financial statements.

IFRIC 23, Uncertainty over Income Tax Treatments

The interpretation clarifies the application of the recognition and measurement requirements in IAS 12 'Income Taxes' when there is uncertainty over income tax treatments. In such a circumstance, recognition and measurement of current or deferred tax asset or liability according to IAS 12 is based on taxable profit (tax loss), tax bases, unused tax losses and tax credits and tax rates determined applying IFRIC 23.

According to the interpretation, each uncertain tax treatment is considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty and the entity should assume that a tax authority with the right to examine tax treatments will examine them and will have full knowledge of all relevant information.

If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, it should determine its accounting for income taxes consistently with that tax treatment. If it concludes that it is not probable that the treatment will be accepted, the effect of the uncertainty in its income tax accounting should be reflected in the period in which that determination is made, using the method that best predicts the resolution of the uncertainty (i.e. the single most likely amount, or the expected value method which follows a probability weighted approach).

Judgments and estimates made for the recognition and measurement of the effect of uncertain tax treatments should be reassessed whenever circumstances change or new information that affects those judgments arise (e.g. actions by the tax authority, evidence that it has taken a particular position in connection with a similar item or the expiry of its right to examine a particular tax treatment).

Selected Explanatory Notes to the Interim Consolidated Financial Statements

IFRS 16, Leases

IFRS 16, which supersedes IAS 17 'Leases' and related interpretations, introduces a single, on-balance sheet lease accounting model for lessees, under which the classification of leases for a lessee, as either operating leases or finance leases, is eliminated and all leases are treated similarly to finance leases under IAS 17.

The definition of a lease under IFRS 16 mainly relates to the concept of control. The new standard distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

IFRS 16 provides for the recognition of a 'right-of-use-asset' and a 'lease liability' upon lease commencement in case that there is a contract, or part of a contract, that conveys to the lessee the right to use an asset for a period of time in exchange for a consideration.

The right-of-use-asset is, initially, measured at cost, consisting of the amount of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee and, subsequently, at cost less accumulated depreciation and impairment. The lease liability is initially recognized at an amount equal to the present value of the lease payments during the lease term that are not yet paid.

Consequently, the typical straight line operating lease expense of operating leases under IAS 17 is replaced by the depreciation charge of the 'right-of-use-asset' and the interest expense on the 'lease liability'. The recognition of assets and liabilities by lessees, as described above, is not required for certain short term leases and leases of low value assets. The accounting treatment for lessors is not substantially affected by the requirements of IFRS 16.

Adoption of IFRS 16

The Group implemented the requirements of IFRS 16 on 1 January 2019. The Group has chosen the modified retrospective application of IFRS 16 and therefore comparative information was not restated.

Upon transition, the Group adopted the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, existing contracts previously classified as service contracts such as ATMs, APSs and printing services were not classified as leases under IFRS 16, while the definition set out in IFRS 16 is applied to all lease contracts entered into or modified on or after 1 January 2019.

In accordance with IFRS 16, at the commencement date of the lease, the Group as a lessee recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments.

The Group applied this initial measurement principle to all leases, except for those with a lease term of 12 months or less, and leases of low value (i.e. less than € 5,000) - making use of the relevant short-term leases and leases of low-value assets exemptions. The Group also adopted the practical expedient not to separate non-lease components from lease components.

In applying the modified retrospective transition approach, the Group used the following main estimates and judgments:

- In determining the lease term for the leases in which the Group is the lessee, including those leases having an indefinite duration, all relevant facts and circumstances, such as future housing needs and expected use, were considered and judgment was exercised. Furthermore, options to extend or terminate the lease that are reasonably certain to exercise were considered. These estimates will be revisited on a regular basis over the lease term.
- The present value of the lease liabilities was measured by using the incremental borrowing rate on the transition date, since the interest rate implicit in the leases was not readily determinable. For the Bank and Greek subsidiaries ("Greek Operations") the incremental borrowing rate was derived from the estimated covered bonds yield curve, which is constructed based on observable Greek Government Bond yields. For Greek Operations, the weighted average discount rate was 2.6%. For international subsidiaries, the incremental borrowing rate was determined on a country basis, taking into consideration specific local conditions. The discount rate used to determine the lease liabilities will be recalculated on a regular basis, using updated input.
- Applicable taxes, Value Added Tax and stamp duties were excluded from the scope of IFRS 16 calculations.

Selected Explanatory Notes to the Interim Consolidated Financial Statements

On 1 January 2019, the Group recognised right-of-use assets of € 358 million and lease liabilities of an equivalent amount arising from leases of properties and vehicles, with no impact on shareholders' equity. The capital impact arising primarily from the increase in risk-weighted assets was a reduction of approximately 13 bps on the Group's common equity Tier I ratio by applying regulatory transitional arrangements (approximately -10 bps on the Group's CET1 ratio, on a fully loaded basis).

It is noted that € 132 million of the above mentioned right-of-use assets and of the corresponding lease liabilities are related to properties on lease from Grivalia. Following the merger of Eurobank with Grivalia (note 31), these assets and liabilities have been derecognized in the second quarter of 2019, as the related properties have become own used assets of the combined group.

With regard to subsequent measurement, the Group, acting as a lessee, applies the cost model for the measurement of right-of-use asset. Accordingly, the right-of-use asset is measured at cost less any accumulated depreciation and accumulated impairment losses as determined in accordance with IAS 36, and is adjusted for the remeasurement of the lease liability.

On the other hand, interest expense is recognized on the lease liabilities, while their carrying amount is reduced to reflect the lease payments made. In case of any reassessments or lease modifications specified, the carrying amount of the lease liabilities is remeasured to reflect revised lease payments. For the period ended 30 June 2019, the depreciation charge for right-of-use assets was € 21 million and the interest expense recognised on lease liabilities was € 3 million.

The following table presents the reconciliation between the operating lease commitments, as disclosed under IAS 17 in the financial statements for the year ended 31 December 2018 and the lease liabilities recognised under IFRS 16:

	€ million
Non-cancellable operating lease rentals payable under IAS 17	134
Plus: Future contractual lease payments (in excess of non-cancellable term)	206
Total future contractual operating lease payments	340
Plus: Re-estimation of lease term ⁽¹⁾	109
Adjusted total operating lease commitments as at 31 December 2018	449
Less: Recognition exemption for short term leases and leases of low value	(5)
Less: Exclusion of Stamp Duty, VAT and other applicable taxes from the lease payments	(20)
Undiscounted lease liabilities as at 31 December 2018	424
Less: Discounting effect of the lease liabilities using the incremental borrowing rate as at 1 January 2019	(66)
Total lease liabilities recognised as at 1 January 2019 under IFRS 16	358

⁽¹⁾ The re-estimation of total future contractual lease payments includes primarily:

- a) contracts that expire in 2019 but the Group expects to renew and has reset their term,
- b) contracts with indefinite duration for which the Group has determined the term that it expects to occupy the leased asset, and
- c) re-assessment of extension and termination options.

There was no impact from the adoption of IFRS 16 for the leases in which the Group is a lessor.

Update to principal accounting policy – Leases

(i) Accounting for leases as lessee

When the Group becomes the lessee in a lease arrangement, it recognizes a lease liability and a corresponding right-of-use (RoU) asset at the commencement of the lease term when the Group acquires control of the physical use of the asset.

Lease liabilities are presented within Other liabilities and RoU assets within Property, plant and equipment. Lease liabilities are measured based on the present value of the future lease payments over the lease term, discounted using an incremental borrowing rate. The interest expense on lease liabilities is presented within Net interest income.

The RoU asset is initially recorded at an amount equal to the lease liability and is adjusted for rent prepayments, initial direct costs, or lease incentives received. Subsequently, the RoU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset, with the depreciation presented within Operating expenses.

When a lease contains extension or termination options that the Group considers reasonably certain to be exercised, the expected future lease payments or costs of early termination are included within the lease payments used to calculate the lease liability.

Selected Explanatory Notes to the Interim Consolidated Financial Statements

(ii) Accounting for leases as lessor

At inception date of the lease, the Group, acting as a lessor, classifies each of its leases as either an operating lease or a finance lease based on certain criteria.

Finance leases

At commencement date, the Group derecognizes the carrying amount of the underlying assets held under finance lease, recognizes a receivable at an amount equal to the net investment in the lease and recognizes, in profit or loss, any profit or loss from the derecognition of the asset and the recognition of the net investment. The net investment in the lease is calculated as the present value of the future lease payments in the same way as for the lessee.

After commencement date, the Group recognizes finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The Group also recognizes income from variable payments that are not included in the net investment in the lease. After lease commencement, the net investment in a lease is not remeasured unless the lease is modified or the lease term is revised.

Operating leases

The Group continues to recognize the underlying asset and does not recognize a net investment in the lease on the balance sheet or initial profit (if any) on the income statement.

The Group recognizes lease payments as income on a straight-line basis. Also it recognizes costs, including depreciation, incurred in earning the lease income as an expense. The Group adds initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognizes those costs as an expense over the lease term on the same basis as the lease income.

Subleases

The Group, acting as a lessee, may enter into arrangements to sublease a leased asset to a third party while the original lease contract is in effect. The Group acts as both the lessee and lessor of the same underlying asset. The sublease is a separate lease agreement, in which the intermediate lessor classifies the sublease as a finance lease or an operating lease as follows:

- if the head lease is a short-term lease, the sublease is classified as an operating lease; or
- otherwise, the sublease is classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

IAS 28, Amendment – Long-Term Interests in Associates and Joint Ventures

The amendment clarifies that IFRS 9 'Financial Instruments' including its impairment requirements, applies to long-term interests in associates or joint ventures that form part of the entity's net investment in the associate or joint venture but are not accounted for using equity accounting.

According to the amendment, an entity should not take into account any adjustments to the carrying amount of long-term interests (net investment in the associate or joint venture), resulting from the application of IAS 28 'Investments in Associates and Joint Ventures' when applying IFRS 9.

The adoption of the amendment had no impact on the Group's interim consolidated financial statements.

IAS 19, Amendment – Plan Amendment, Curtailment or Settlement

The amendment clarifies that when a change to a defined benefit plan i.e. an amendment, curtailment or settlement takes place and a remeasurement of the net defined benefit liability or asset is required, the updated actuarial assumptions from the remeasurement should be used to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. Additionally, the amendment includes clarifications about the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The amendment applies prospectively to plan amendments, curtailments or settlements that occur on or after the adoption date 1 January 2019.

The adoption of the amendment had no impact on the Group's interim consolidated financial statements.

Selected Explanatory Notes to the Interim Consolidated Financial Statements

Annual Improvements to IFRSs 2015-2017 Cycle

The improvements introduce key changes to several standards as set out below:

The amendments to IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangements' clarified how an entity accounts for increasing its interest in a joint operation that meets the definition of a business. Specifically, when an entity obtains control of a business that is a joint operation, then the transaction constitutes a business combination achieved in stages and the acquiring party re-measures the entire previously held interest in the assets and liabilities of the joint operation at fair value. Conversely, if a party obtains joint control, of a business that is a joint operation then the previously held interest is not re-measured.

The improvement to IAS 12 'Income Taxes' clarified that all income tax consequences of dividends, including payments on financial instruments classified as equity, should be recognized in profit or loss, other comprehensive income or equity, according to where the originating transaction or event that generated distributable profits giving rise to the dividend, was recognized.

IAS 23 'Borrowing costs' amendment clarified that any borrowing originally performed to develop a qualifying asset should be treated as part of the funds that the entity borrowed generally, when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The adoption of the amendments had no impact on the Group's interim consolidated financial statements.

3. Significant accounting estimates and judgments in applying accounting policies

In preparing these interim consolidated financial statements, the significant estimates, judgments and assumptions made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2018, except for the accounting judgments that relate to the changes in accounting policies described in note 2, as a result of IFRS 16 adoption.

Further information about the key assumptions and sources of estimation uncertainty are set out in notes 12, 13, 15, 25, 28, 30 and 31.

4. Capital Management

The Group's capital adequacy position is presented in the following table:

	30 June 2019 € million	31 December 2018 € million
Total equity	6,399	5,031
Add: Adjustment due to IFRS 9 transitional arrangements	897	1,003
Less: Preferred securities	(42)	(42)
Less: Goodwill	(223)	(1)
Less: Other regulatory adjustments	(493)	(482)
Common Equity Tier 1 Capital	6,538	5,509
Add: Preferred securities subject to phase-out	-	17
Total Tier 1 Capital	6,538	5,526
Tier 2 capital-subordinated debt	950	950
Add: Other regulatory adjustments	104	25
Total Regulatory Capital	7,592	6,501
Risk Weighted Assets	41,162	38,849
Ratios:	%	%
Common Equity Tier 1	15.9	14.2
Tier 1	15.9	14.2
Total Capital Adequacy Ratio	18.4	16.7

Note: The Group's CET1 as at 30 June 2019, based on the full implementation of the Basel III rules in 2024 (fully loaded CET1), would be 13.7% (31 December 2018: 11.3%).

Selected Explanatory Notes to the Interim Consolidated Financial Statements

The Group has sought to maintain an actively managed capital base to cover risks inherent in the business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision (BIS rules/ratios) as adopted by the European Central Bank and the Bank of Greece in supervising the Bank. The capital adequacy framework, as in force, was incorporated in the European Union (EU) legislation through the Directive 2013/36/EU (known as CRD IV), along with the Regulation No 575/2013/EU (known as CRR). Directive 2013/36/EU was transposed into Greek legislation by Law 4261/2014. Supplementary to that, in the context of Internal Capital Adequacy Assessment Process (ICAAP), the Group considers a broader range of risk types and the Group's risk management capabilities. ICAAP aims ultimately to ensure that the Group has sufficient capital to cover all material risks that it is exposed to, over a three-year horizon.

Based on Council Regulation No 1024/2013, the European Central Bank (ECB) conducts annually a Supervisory Review and Evaluation Process (SREP) in order to define the prudential requirements of the institutions under its supervision. The key purpose of the SREP is to ensure that institutions have adequate arrangements, strategies, processes and mechanisms as well as capital and liquidity to ensure a sound management and coverage of their risks, to which they are or might be exposed, including those revealed by stress testing and risks the institution may pose to the financial system. According to the 2018 SREP decision, starting from 1 March 2019, the Bank is required to meet on a consolidated basis a Common Equity Tier 1 ratio of at least 10.25% and a Total Capital Adequacy Ratio of at least 13.75% (Overall Capital Requirements including the Capital Conservation Buffer and the Other Systemically Important Institutions Buffer).

5. Operating segment information

Management has determined the operating segments based on the internal reports reviewed by the Strategic Planning Committee that are used to allocate resources and to assess their performance in order to make strategic decisions. The Strategic Planning Committee considers the business both from a business unit and geographic perspective. Geographically, management considers the performance of its business in Greece and other countries in Europe (International). Greece is further segregated into retail, corporate, wealth management, global and capital markets and, as of the second quarter 2019, investment property. International is monitored and reviewed on a country basis. The Group aggregates segments when they exhibit similar economic characteristics and profile and are expected to have similar long-term economic development.

The Group is organized in the following reportable segments:

- Retail: incorporating customer current accounts, savings, deposits and investment savings products, credit and debit cards, consumer loans, small business banking and mortgages.
- Corporate: incorporating current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products to corporate entities, custody, equity brokerage, cash management and trade services.
- Wealth Management: incorporating private banking services to medium and high net worth individuals, mutual fund and investment savings products, institutional asset management and the Group's share of results of Eurolife Insurance group.
- Global and Capital Markets: incorporating investment banking services including corporate finance, merger and acquisitions advice, financial instruments trading and institutional finance to corporate and institutional entities, as well as, specialized financial advice and intermediation to private and large retail individuals as well as small and large corporate entities.
- International: incorporating operations in Bulgaria, Serbia, Cyprus, Luxembourg and Romania (the operations of the Romanian disposal group are included until 31 March 2018, note 13).
- Investment Property: As of the second quarter of 2019, following the merger of the Bank with Grivalia, the investment property activities (Bank, Eurobank Ergasias Leasing S.A. and former Grivalia group) relating to a diversified portfolio of commercial assets, with high yield on prime real estate assets, in the office, retail, logistics, infrastructure and hospitality sectors, are monitored as a separate Group segment. As at 31 December 2018, the investment property portfolios of Eurobank Ergasias Leasing S.A. amounting to € 44 million and of the Bank amounting to € 32 million were included in Corporate and other operations segments respectively, while their first half 2018 results were immaterial, therefore comparative information has not been adjusted.

Other operations of the Group refer mainly to property management (including repossessed assets) and other investing activities.

The Group's management reporting is based on International Financial Reporting Standards (IFRS) as adopted by the EU. The accounting policies of the Group's operating segments are the same with those described in the principal accounting policies.

Revenues from transactions between business segments are allocated on a mutually agreed basis at rates that approximate market prices.

Selected Explanatory Notes to the Interim Consolidated Financial Statements
Operating segments

	For the six months ended 30 June 2019							
	Retail	Corporate	Wealth	Global &	Investment		Other and	
	€ million	€ million	€ million	Capital	Property	International	center	Total
	€ million	€ million	€ million	Markets	€ million	€ million	€ million	€ million
Net interest income	253	151	6	104	(2)	183	(10)	685
Net commission income	27	34	13	11	0	48	1	134
Other net revenue	1	11	0	18	19	36	8	93
Total external revenue	281	196	19	133	17	267	(1)	912
Inter-segment revenue	8	6	1	(9)	0	(3)	(3)	-
Total revenue	289	202	20	124	17	264	(4)	912
Operating expenses	(213)	(62)	(11)	(37)	(7)	(106)	(6)	(442)
Impairment losses relating to loans and advances to customers	(244)	(52)	(0)	-	-	(52)	-	(348)
Other impairment losses and provisions (note 11)	(1)	(1)	(1)	(3)	(0)	(4)	(7)	(17)
Share of results of associates and joint ventures	(0)	(0)	3	-	0	(0)	(0)	3
Profit/(loss) before tax from continuing operations before restructuring costs	(169)	87	11	84	10	102	(17)	108
Restructuring costs (note 11)	(9)	(2)	(0)	-	-	(18)	(52)	(81)
Profit/(loss) before tax from continuing operations	(178)	85	11	84	10	84	(69)	27
Loss before tax from discontinued operations	-	-	-	-	-	(5)	(0)	(5)
Non controlling interests	-	-	-	-	-	(0)	0	0
Profit/(loss) before tax attributable to shareholders	(178)	85	11	84	10	79	(69)	22
	30 June 2019							
	Retail	Corporate	Wealth	Global &	Investment		Other and	
	€ million	€ million	€ million	Capital	Property	International	center ⁽¹⁾	Total
	€ million	€ million	€ million	Markets	€ million	€ million	€ million	€ million
Segment assets	21,214	13,185	218	11,747	1,198	14,552	281	62,395
Segment liabilities	25,568	6,282	2,007	7,444	287	13,074	1,334	55,996

The International segment is further analyzed as follows:

	For the six months ended 30 June 2019					
	Romania	Bulgaria	Serbia	Cyprus	Luxembourg	Total
	€ million	€ million	€ million	€ million	€ million	€ million
Net interest income	7	83	30	50	13	183
Net commission income	(1)	24	7	14	4	48
Other net revenue	2	32	1	1	0	36
Total external revenue	8	139	38	65	17	267
Inter-segment revenue	(0)	(0)	(1)	(0)	(2)	(3)
Total revenue	8	139	37	65	15	264
Operating expenses	(5)	(49)	(25)	(19)	(8)	(106)
Impairment losses relating to loans and advances to customers	(9)	(15)	(23)	(5)	0	(52)
Other impairment losses and provisions	(0)	(4)	(0)	0	0	(4)
Share of results of associates and joint ventures	0	-	(0)	-	-	(0)
Profit/(loss) before tax from continuing operations						
before restructuring costs	(6)	71	(11)	41	7	102
Restructuring costs (note 11)	-	(18)	-	-	-	(18)
Profit/(loss) before tax from continuing operations	(6)	53	(11)	41	7	84
Loss before tax from discontinued operations	(5)	-	-	-	-	(5)
Non controlling interests	-	(0)	0	-	-	(0)
Profit/(loss) before tax attributable to shareholders	(11)	53	(11)	41	7	79

Selected Explanatory Notes to the Interim Consolidated Financial Statements

	30 June 2019					
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Luxembourg € million	International € million
Segment assets ⁽²⁾	409	5,352	1,490	5,979	1,324	14,552
Segment liabilities ⁽²⁾	569	4,836	1,091	5,449	1,130	13,074

	For the six months ended 30 June 2018						
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	International € million	Other and Elimination center € million	Total € million
Net interest income	296	158	6	110	165	(24)	711
Net commission income	23	39	14	14	42	1	133
Other net revenue	5	7	0	39	8	10	69
Total external revenue	324	204	20	163	215	(13)	913
Inter-segment revenue	7	8	3	(13)	(2)	(3)	-
Total revenue	331	212	23	150	213	(16)	913
Operating expenses	(231)	(57)	(11)	(35)	(95)	(7)	(436)
Impairment losses relating to loans and advances to customers	(214)	(89)	(1)	-	(33)	-	(337)
Other impairment losses and provisions (note 11)	(1)	(0)	0	5	(3)	(5)	(4)
Share of results of associates and joint ventures	(0)	(0)	27	-	(0)	0	27
Profit/(loss) before tax from continuing operations before restructuring costs	(115)	66	38	120	82	(28)	163
Restructuring costs (note 11)	(23)	(2)	(2)	(1)	(0)	(16)	(44)
Profit/(loss) before tax from continuing operations	(138)	64	36	119	82	(44)	119
Profit/(loss) before tax from discontinued operations	-	-	-	-	(82)	38	(44)
Non controlling interests	-	-	-	-	(0)	(0)	(0)
Profit/(loss) before tax attributable to shareholders	(138)	64	36	119	(0)	(6)	75

	31 December 2018						
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	International € million	Other and Elimination center ⁽¹⁾ € million	Total € million
Segment assets	21,330	13,079	222	10,291	12,395	667	57,984
Segment liabilities	24,582	6,054	1,773	8,021	11,004	1,519	52,953

	For the six months ended 30 June 2018					
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Luxembourg € million	Total € million
Net interest income	6	77	29	42	11	165
Net commission income	(1)	21	7	11	4	42
Other net revenue	1	1	1	4	1	8
Total external revenue	6	99	37	57	16	215
Inter-segment revenue	(0)	0	(0)	(0)	(2)	(2)
Total revenue	6	99	37	57	14	213
Operating expenses	(4)	(44)	(24)	(15)	(8)	(95)
Impairment losses relating to loans and advances to customers	(5)	(19)	(3)	(6)	0	(33)
Other impairment losses and provisions	(1)	(2)	(0)	0	(0)	(3)
Share of results of associates and joint ventures	(0)	-	(0)	-	-	(0)
Profit/(loss) before tax from continuing operations	(4)	34	10	36	6	82
Loss before tax from discontinued operations	(82)	-	-	-	-	(82)
Non controlling interests	(0)	(0)	(0)	-	-	(0)
Profit/(loss) before tax attributable to shareholders	(86)	34	10	36	6	(0)

Selected Explanatory Notes to the Interim Consolidated Financial Statements

	31 December 2018					
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Luxembourg € million	International € million
Segment assets ⁽²⁾	425	4,017	1,442	5,457	1,343	12,395
Segment liabilities ⁽²⁾	580	3,550	1,039	4,969	1,155	11,004

⁽¹⁾ Interbank eliminations between International and the other Group's segments are included.

⁽²⁾ Intercompany balances among the Countries have been excluded from the reported assets and liabilities of International segment.

6. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders 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.

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Group has issued convertible, subject to certain conditions preferred securities (Series D, note 27).

		Six months ended 30 June		Three months ended 30 June	
		2019	2018	2019	2018
Net profit for the period attributable to ordinary shareholders ⁽¹⁾	€ million	25	35	5	1
Net profit for the period from continuing operations attributable to ordinary shareholders ⁽¹⁾	€ million	28	80	5	50
Weighted average number of ordinary shares in issue for basic earnings per share ⁽²⁾	Number of shares	2,916,880,059	2,183,604,763	3,640,411,941	2,184,323,668
Weighted average number of ordinary shares in issue for diluted earnings per share ⁽²⁾	Number of shares	2,942,949,578	2,206,687,149	3,666,481,460	2,207,406,055
Earnings per share					
- Basic and diluted earnings per share	€	0.01	0.02	0.00	0.00
Earnings per share from continuing operations					
- Basic and diluted earnings per share	€	0.01	0.04	0.00	0.02

⁽¹⁾ After deducting dividend attributable to preferred securities holders and after including gains/(losses) on preferred securities (note 27).

⁽²⁾ The weighted average number of ordinary shares in issue has been affected by the Bank's share capital increase for the merger with Grivalia Properties REIC (note 31).

Basic and diluted losses per share from discontinued operations for the period ended 30 June 2019 amounted to € 0.001 (30 June 2018: € 0.021 basic and diluted losses per share).

In April 2019, the issuer of the Series D preferred securities, ERB Hellas Funding, announced its intention for their redemption on 29 October 2019 in accordance with the relevant terms (note 27).

Selected Explanatory Notes to the Interim Consolidated Financial Statements
7. Net interest income

	30 June 2019 € million	30 June 2018 € million
Interest income		
Customers	728	785
Banks and other assets	23	11
Securities	91	87
Derivatives	210	214
	1,052	1,097
Interest expense		
Customers	(93)	(87)
Banks and other liabilities	(31)	(70)
Debt securities in issue	(53)	(38)
Derivatives	(190)	(191)
	(367)	(386)
Total from continuing operations	685	711

8. Net banking fee and commission income

The following tables include net banking fees and commission income from contracts with customers in the scope of IFRS 15, disaggregated by major type of services and operating segments (note 5).

	30 June 2019						
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	International € million	Other and Elimination center € million	Total € million
Lending related activities	4	21	0	2	5	(0)	32
Mutual funds and assets under management	6	1	12	0	4	1	24
Network activities and other ⁽¹⁾	17	6	(0)	8	37	(1)	67
Capital markets	-	6	1	1	2	1	11
Total from continuing operations	27	34	13	11	48	1	134

	30 June 2018						
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	International € million	Other and Elimination center € million	Total € million
Lending related activities	4	25	0	2	4	(0)	35
Mutual funds and assets under management	5	1	14	2	4	-	26
Network activities and other ⁽¹⁾	14	6	(1)	6	33	-	58
Capital markets	-	7	1	4	1	1	14
Total from continuing operations	23	39	14	14	42	1	133

⁽¹⁾ Including income from credit cards related services.

Selected Explanatory Notes to the Interim Consolidated Financial Statements
9. Operating expenses

	30 June 2019 € million	30 June 2018 € million
Staff costs	(239)	(244)
Administrative expenses	(107)	(101)
Contributions to resolution and deposit guarantee funds	(34)	(33)
Depreciation of real estate properties and equipment	(23)	(18)
Depreciation of right of use assets ⁽¹⁾	(21)	-
Amortisation of intangible assets	(15)	(13)
Operating lease rentals ⁽¹⁾	(3)	(27)
Total from continuing operations	(442)	(436)

⁽¹⁾ Following the adoption of IFRS 16 as of 1 January 2019 (note 2).

The average number of employees of the Group's operations during the period was 13,199 (1st half 2018: 13,300 for continuing operations). As at 30 June 2019, the number of branches and business/private banking centers of the Group amounted to 727.

10. Impairment allowance for loans and advances to customers

The following tables present the movement of the impairment allowance on loans and advances to customers (expected credit losses – ECL):

	30 June 2019			
	12-month ECL- Stage 1 € million	Lifetime ECL- Stage 2 € million	Lifetime ECL credit-impaired- Stage 3 ⁽¹⁾ € million	Total € million
Impairment allowance as at 1 January 2019	146	711	7,943	8,800
Transfers between stages	66	36	(102)	-
Impairment loss for the period	(53)	(92)	460	315
Recoveries from written - off loans	-	-	5	5
Loans and advances derecognised/ reclassified as held for sale during the period ⁽²⁾	(1)	(14)	(906)	(921)
Amounts written off	-	-	(320)	(320)
Unwinding of Discount	-	-	(115)	(115)
Foreign exchange and other movements	(14)	(9)	(6)	(29)
Impairment allowance as at 30 June 2019	144	632	6,959	7,735

Selected Explanatory Notes to the Interim Consolidated Financial Statements

	30 June 2018			
	12-month ECL-	Lifetime ECL-	Lifetime ECL credit-	Total
	Stage 1	Stage 2	impaired- Stage 3 ⁽¹⁾	
	€ million	€ million	€ million	€ million
Impairment allowance as at 1 January 2018	160	810	10,137	11,107
Transfer of ECL allowance ⁽³⁾	(13)	(5)	(44)	(62)
Transfers between stages	46	54	(100)	-
Impairment loss for the period	(62)	(80)	450	308
Recoveries from written - off loans	-	-	8	8
Amounts written off	-	-	(659)	(659)
Unwinding of Discount	-	-	(148)	(148)
Foreign exchange and other movements	(1)	1	1	1
Impairment allowance as at 30 June 2018	130	780	9,645	10,555

⁽¹⁾ The impairment allowance for POCL loans is included in 'Lifetime ECL credit-impaired' stage.

⁽²⁾ It represents the impairment allowance of loans sold, modified (where the modification resulted in a derecognition) and those that have been reclassified as held for sale (impairment allowance of € 874 million, note 15) during the period.

⁽³⁾ As of 1 January 2018, the impairment allowance for credit related commitments (off balance sheet items) is monitored separately from the impairment allowance on loans and advances to customers and accordingly is presented within other liabilities (note 25).

The impairment losses relating to loans and advances to customers recognized in the Group's income statement for the period ended 30 June 2019 amounted to € 348 million (30 June 2018: € 337 million) and are analyzed as follows:

	30 June 2019 € million	30 June 2018 € million
Impairment loss on loans and advances to customers	(315)	(308)
Modification loss on loans and advances to customers	(36)	(35)
Impairment (loss)/ reversal for credit related commitments	3	6
Total	(348)	(337)

11. Other impairments, restructuring costs and provisions

	30 June 2019 € million	30 June 2018 € million
Impairment and valuation losses on real estate properties	(8)	(10)
Impairment (losses)/ reversal on bonds	(2)	6
Other impairment losses and provisions ⁽¹⁾	(7)	0
Other impairment losses and provisions	(17)	(4)
Voluntary exit schemes and other related costs (note 25)	(58)	(40)
Other restructuring costs	(23)	(4)
Restructuring costs	(81)	(44)
Total from continuing operations	(98)	(48)

⁽¹⁾ Includes impairment losses on other assets and provisions on litigations and other operational risk events.

In the first half of 2019, the Group recognized restructuring costs amounting to € 23 million, of which € 18 million was related with the acquisition of Piraeus Bank Bulgaria A.D. (note 31). The remaining restructuring costs mainly relate to the Bank's transformation plan. In the first half of 2018, the Group recognized restructuring costs amounting to € 4 million mainly related with the optimization of its lending operations.

Selected Explanatory Notes to the Interim Consolidated Financial Statements
12. Income tax

	30 June 2019 € million	30 June 2018 € million
Current tax	(18)	(19)
Deferred tax	20	(5)
Tax adjustments	-	(13)
Total income tax from continuing operations	2	(37)

For the year 2019, according to Law 4172/2013 currently in force, the nominal Greek corporate tax rate for credit institutions is 29%, while for the other legal entities is 28% (for the year 2018: 29% corporate tax rate for all legal entities). According to article 23 of Law 4579/2018, which was enacted in December 2018 and amended Law 4172/2013, the Greek corporate tax rate for legal entities other than credit institutions will decrease annually by 1% for each of the next four years starting from 2019, resulting to 25% for the year 2022 and onwards. In addition, dividends distributed as of 1 January 2019 other than intragroup dividends, which under certain preconditions are relieved from both income and withholding tax, are subject to 10% withholding tax.

Further to the information provided in note 15 of the consolidated financial statements for the year ended 31 December 2018, law 4605/2019 (article 93) voted on 29 March 2019 provided clarifications regarding the treatment of the Bank's withholding tax amounts under Law 2238/1994 (i.e. € 4 million for the year 2008 and € 46 million for the year 2012) in a manner that safeguards the said tax amounts by providing for their offsetting with the Bank's corporate income tax whenever this becomes due.

Law 4605/2019 further addresses the treatment of tax receivables of Law 4046/2012 (for years 2010, 2011 and 2012), which provides for a five year settlement of tax withheld on interest from GGBs/Tbills/corporate bonds with the Greek State's guarantee against the banks' corporate income tax. Law 4605/2019 clarified that any remaining amounts (i.e. not offsettable withholding taxes within the set five year period) will be then offset against all taxes within ten years in equal installments starting from 1 January 2020. The said Law clarification addresses the treatment of the Bank's receivable of € 13 million arising in 2012 from tax withheld on interest from Greek sovereign bonds, Greek T-bills and corporate bonds with Greek State guarantee.

Tax certificate and open tax years

The Bank and its subsidiaries, associates and joint ventures, which operate in Greece (notes 17 and 18) have in principle 1 to 6 open tax years. For the open tax years 2013-2015 the Bank and the Group's Greek companies whose annual financial statements were audited compulsorily, were required to obtain an 'Annual Tax Certificate' pursuant to the Law 4174/2013, which is issued after a tax audit is performed by the same statutory auditor or audit firm that audits the annual financial statements. For fiscal years starting from 1 January 2016 and onwards, the 'Annual Tax Certificate' is optional, however, the Bank and (as a general rule) the Group's Greek companies will continue to obtain such certificate.

The Bank has obtained by external auditors unqualified tax certificates for the open tax years 2013-2017. For the year ended 31 December 2018, the tax audit from external auditors is in progress. In addition, New TT Hellenic Postbank and New Proton Bank, which were merged with the Bank in 2013, have obtained by external auditors unqualified tax certificates with a matter of emphasis for their unaudited by tax authorities periods/tax years 18/1-30/6/2013 and 9/10/2011-31/12/2012, respectively, with regards to potential tax obligations resulting from their carve out. For both cases the Bank has formed adequate provisions.

The tax certificates, which have been obtained by the Bank's subsidiaries, associates and joint ventures, which operate in Greece, are unqualified for the open tax years 2013-2017. For the year ended 31 December 2018, the tax audits from external auditors are in progress.

In accordance with the Greek tax legislation and the respective Ministerial Decisions issued, additional taxes and penalties may be imposed by the Greek tax authorities following a tax audit within the applicable statute of limitations (i.e. in principle five years as from the end of the fiscal year within which the relevant tax return should have been submitted), irrespective of whether an unqualified tax certificate has been obtained from the tax paying company. In light of the above, as a general rule, the right of the Greek State to impose taxes up to tax year 2012 (included) has been time-barred for the Bank and the Group's Greek companies at 31 December 2018.

Selected Explanatory Notes to the Interim Consolidated Financial Statements

The open tax years of the foreign banking entities of the Group are as follows: (a) Eurobank Cyprus Ltd, 2014-2018, (b) Eurobank Bulgaria A.D., 2013-2018, (c) Eurobank A.D. Beograd (Serbia), 2013-2018, and (d) Eurobank Private Bank Luxembourg S.A., 2014-2018. The remaining foreign entities of the Group (notes 17 and 18), which operate in countries where a statutory tax audit is explicitly stipulated by law, have 1 to 6 open tax years in principle, subject to certain preconditions of the applicable tax legislation of each jurisdiction.

Deferred taxes

Deferred taxes are calculated on all deductible temporary differences under the liability method as well as for unused tax losses at the rate in effect at the time the reversal is expected to take place.

The movement on deferred tax is as follows:

	30 June 2019 € million
Balance at 1 January	4,912
Income statement credit/(charge) from continuing operations	20
Investment securities at FVOCI	(91)
Cash flow hedges	4
Discontinued operations (note 13)	2
Balance at 30 June	4,847

Deferred tax assets/ (liabilities) are attributable to the following items:

	30 June 2019 € million	31 December 2018 € million
Impairment/ valuation relating to loans and accounting write-offs	1,481	3,132
PSI+ tax related losses	1,126	1,151
Losses from disposals and crystallized write-offs of loans	2,021	265
Other impairments/ valuations through the income statement	242	248
Unused tax losses	3	63
Costs directly attributable to equity transactions	20	23
Cash flow hedges	19	15
Defined benefit obligations	14	13
Real estate properties and equipment	(23)	(20)
Investment securities at FVOCI	(115)	(24)
Other	59	46
Net deferred tax	4,847	4,912

In the second quarter of 2019, the Bank proceeded with the securitization of certain loan portfolios (Project Pillar and Cairo, note 24). Based on the contractual terms of the issued notes, the related impairment losses were considered as crystallized for tax purposes, resulting in the significant increase of the deferred tax on the above presented category "Losses from disposals and crystallised write-offs of loans" against a decrease in the category "Impairment/valuation relating to loans and accounting write-offs".

The net deferred tax is analyzed as follows:

	30 June 2019 € million	31 December 2018 € million
Deferred tax assets	4,861	4,916
Deferred tax liabilities	(14)	(4)
Net deferred tax	4,847	4,912

Selected Explanatory Notes to the Interim Consolidated Financial Statements

As at 30 June 2019, the Group recognised a deferred tax liability of € 11 million on the taxable temporary differences associated with its investment in the newly acquired subsidiary “Piraeus Bank Bulgaria A.D.” (PBB) (note 31) considering the planned merger of the entity with its banking subsidiary in Bulgaria “Eurobank Bulgaria A.D.”. In addition, the Group recognised a deferred tax asset of € 8 million arising from the fair value measurement of the PBB’s assets acquired.

Deferred income tax (charge)/credit from continuing operations is attributable to the following items:

	30 June 2019 € million	30 June 2018 € million
Impairment/ valuation relating to loans, disposals and write-offs	97	20
Unused tax losses	(60)	62
Tax deductible PSI+ losses	(25)	(25)
Change in fair value and other temporary differences	8	(62)
Deferred income tax (charge)/credit from continuing operations	20	(5)

As at 30 June 2019, the Group recognized net deferred tax assets amounting to € 4.8 bn as follows:

- € 1,481 million refer to deductible temporary differences arising from impairment/ valuation relating to loans including the accounting debt write-offs according to the Greek tax law 4172/2013, as in force. These temporary differences can be utilized in future periods with no specified time limit and according to current tax legislation of each jurisdiction;
- € 1,126 million refer to losses resulted from the Group’s participation in PSI+ and the Greek’s state debt buyback program which are subject to amortization (i.e. 1/30 of losses per year starting from year 2012 and onwards) for tax purposes;
- € 2,021 million refer to the unamortized part of the crystallized tax losses arising from write-offs and disposals of loans, which are subject to amortization over a twenty-year period, according to the Greek tax law 4172/2013, as in force;
- € 3 million refer to the unused tax losses of the Bank’s subsidiaries. As at 30 June 2019, the deferred tax on the cumulative Bank’s unused tax losses (amounted to € 62 million as at 31 December 2018) was considered as being non-recoverable due to the securitization of certain loan portfolios for the execution of the acceleration plan for the NPEs reduction and was reversed accordingly;
- € 20 million mainly refer to deductible temporary differences related to the (unamortized for tax purposes) costs directly attributable to Bank’s share capital increases, subject to 10 years’ amortization according to tax legislation in force at the year they have been incurred; and
- € 196 million refer to other deductible temporary differences (i.e. valuation losses, provisions for pensions and other post-retirement benefits, etc.) the majority of which can be utilized in future periods with no specified time limit and according to the applicable tax legislation of each jurisdiction.

Assessment of the recoverability of deferred tax assets

The recognition of the above presented deferred tax assets is based on management’s assessment, as at 30 June 2019, that the Group’s legal entities will have sufficient future taxable profits, against which the unused tax losses, the deductible temporary differences, as well as the losses from PSI+ and the Greek state’s debt buyback program can be utilized. The deferred tax assets are determined on the basis of the tax treatment of each deferred tax asset category, as provided by the applicable tax legislation of each jurisdiction, the eligibility of carried forward losses for offsetting with future taxable profits, the actual tax results for the year ended 31 December 2018 and the extrapolated tax results for the year ended 31 December 2019 using the actual tax results for the period ended 30 June 2019. Additionally, the Group’s assessment on the recoverability of recognized deferred tax assets is based on (a) the future performance expectations (projections of operating results) and growth opportunities relevant for determining the expected future taxable profits, (b) the expected timing of reversal of the deductible and taxable temporary differences, (c) the probability that the Group entities will have sufficient taxable profits in the future, in the same period as the reversal of the deductible and taxable temporary differences (i.e. profits/ losses on sale of investments or other assets, etc.) or in the years into which the tax losses can be carried forward, and (d) the historical levels of Group entities’ performance in combination with the previous years’ tax losses caused by one off or non-recurring events.

Selected Explanatory Notes to the Interim Consolidated Financial Statements

For the period ended 30 June 2019, the Group has conducted a deferred tax asset (DTA) recoverability assessment based on its three-year Business Plan that was approved by the Board of Directors in March 2019 and provided outlook of its profitability and capital position for the period up to the end of 2021, taking into consideration the progress in the implementation of the steps/transactions indicated in the Acceleration Plan. The said Business Plan has also been submitted to the Hellenic Financial Stability Fund (HFSF) and to the Single Supervisory Mechanism (SSM).

For the years beyond 2021, the forecast of operating results was based on the management projections considering the growth opportunities of the Greek economy, the banking sector and the Group itself.

The level of the abovementioned projections adopted in the Group's Business Plan is mainly based on assumptions and estimates regarding (a) the further reduction of its funding cost driven by the gradual repatriation of customer deposits replacing more expensive funding sources, (b) the lower loan impairment losses as a result of the gradual improvement of the macroeconomic conditions in Greece and the strategic initiatives for the accelerated reduction of Non-Performing Exposures (NPEs), in line with the NPEs strategy that the Group has committed to the SSM, (c) the merger with Grivalia Properties R.E.I.C, the acquisition of Piraeus Bank Bulgaria A.D. ('PBB') and the disposal of 80% stake of Financial Planning Services S.A. ('FPS'), (d) the effectiveness of the continuous cost containment initiatives, and (e) the gradual restoration of traditional commission income, such as asset management and network fees and commissions relating with capital markets and investment banking activities.

The implementation of the Group's Business Plan largely depends on the risks and uncertainties that stem from the macroeconomic environment in Greece as well as in the countries that the Group operates (note 2).

Deferred tax credit against the Greek State and tax regime for loan losses

As at 30 June 2019, pursuant to the Law 4172/2013, as in force, the Bank's eligible DTAs/deferred tax credits (DTCs) against the Greek State amounted to € 3,886 million. The DTCs will be converted into directly enforceable claims (tax credit) against the Greek State provided that the Bank's after tax accounting result for the year is a loss. In particular, DTCs are accounted for on: (a) the losses from the Private Sector Involvement (PSI) and the Greek State Debt Buyback Program and (b) on the sum of (i) the unamortized part of the crystallized loan losses from write-offs and disposals, (ii) the accounting debt write-offs and (iii) the remaining accumulated provisions and other losses in general due to credit risk recorded up to 30 June 2015.

In accordance with the tax regime, in force, the above crystallized tax losses arising from write-offs and disposals on customers' loans are amortised over a twenty-year period, maintaining the DTC status during all this period, while they are disconnected from the accounting write-offs. Accordingly, the recovery of the Bank's deferred tax asset recorded on loans and advances to customers and the regulatory capital structure are safeguarded, contributing substantially to the achievement of the NPEs reduction targets, through the acceleration of write-offs and disposals.

As of May 2017, according to article 82 of Law 4472/2017, which further amended article 27A of Law 4172/2013, an annual fee of 1.5% is imposed on the excess amount of deferred tax assets guaranteed by the Greek State, stemming from the difference between the current tax rate for credit institutions (i.e. 29%) and the tax rate applicable on 30 June 2015 (i.e. 26%). For the period ended 30 June 2019, an amount of € 3.4 million has been recognized in "Other income/(expenses)".

Selected Explanatory Notes to the Interim Consolidated Financial Statements

13. Discontinued operations

Romanian disposal group

In September 2017, the sale of Bancpost S.A., ERB Retail Services IFN S.A. and ERB Leasing IFN S.A. in Romania (Romanian disposal group) was considered highly probable, therefore, as of 30 September 2017 Romanian disposal group was classified as held for sale.

The Romanian disposal group was the major part of the Group's operations in Romania, which were presented in the International segment.

On 3 April 2018, Eurobank Group (the Seller) and Banca Transilvania (BT) (the Purchaser), in line with their pre-sale agreement in November 2017, concluded all the remaining actions and fulfilled all the conditions precedent for the completion of the transfer of the shares held by the Group in the above companies to BT. The resulting loss of € 72 million after tax, which has been recognized in the income statement until the year ended 31 December 2018 (of which € 46 million loss has been recognised in the period ended 30 June 2018), includes the recyclement to the income statement of € 46 million cumulative losses previously recognized in other comprehensive income.

According to the relevant Sale Purchase Agreement (SPA), there are specific indemnity clauses based on which the Purchaser could claim specific amounts, subject to certain limitations on total claims.

Tax audit

According to the tax audit assessment communicated to Bancpost S.A. within July 2018, following the completion of the tax audit for the years 2011-2015, the additional taxes to be paid amounted in total to € 40 million, approximately.

The Group is in close cooperation with BT, which is in the process of challenging the tax audit assessment in courts.

In respect of the above, in the first half of 2019, the Group has recognized an additional provision of € 5 million (€ 3.6 million after tax), while the accumulated provisions, which have been recognized up to 30 June 2019 amount to € 20 million.

Romanian National Authority for Consumer Protection (ANPC)

In addition in the second half of 2018, the Romanian National Authority for Consumer Protection (ANPC) imposed three fines totaling € 72 thousand on Bancpost S.A. in connection with complaints raised by certain Bancpost S.A. lending clients, related to portfolios of performing loans which were assigned by Bancpost S.A. to ERB New Europe Funding II (an entity in the Netherlands controlled by Eurobank) in 2008.

In the first half of 2019, the first instance court admitted BT's complaints (as legal successor to Bancpost S.A.) against ANPC in all three aforementioned cases, ruling that the relevant penalties imposed on Bancpost S.A. are cancelled. ANPC already appealed against the first instance rulings in two of the cases and it is expected ANPC will appeal against the first instance ruling also in the third case.

Further information in relation to the sale of Romanian disposal group is provided in note 17 of the consolidated financial statements for the year ended 31 December 2018.

14. Derivative financial instruments

	30 June 2019		31 December 2018	
	Fair values		Fair values	
	Assets € million	Liabilities € million	Assets € million	Liabilities € million
Derivatives for which hedge accounting is not applied/ held for trading	2,320	1,992	1,805	1,385
Derivatives designated as fair value hedges	0	660	1	349
Derivatives designated as cash flow hedges	31	84	65	159
Total derivatives assets/liabilities	2,351	2,736	1,871	1,893

Selected Explanatory Notes to the Interim Consolidated Financial Statements

As at 30 June 2019, the derivative assets and liabilities increased by € 480 million and € 843 million, respectively, compared to 31 December 2018, mainly as a result of the downward movement of the euro interest rate curve. On the same date, the carrying value of the derivatives with the Hellenic Republic amounted to € 1,559 million (31 December 2018: € 1,189 million).

15. Loans and advances to customers

	30 June 2019 € million	31 December 2018 € million
Loans and advances to customers at amortised cost		
- Gross carrying amount	43,508	44,973
- Impairment allowance	(7,735)	(8,800)
Carrying Amount	35,773	36,173
Loans and advances to customers at FVTPL	55	59
Total	35,828	36,232

The table below presents the carrying amount of loans and advances to customers per business unit and per stage as at 30 June 2019:

	30 June 2019				31 December 2018
	12-month ECL- Stage 1 € million	Lifetime ECL- Stage 2 € million	Lifetime ECL credit-impaired- Stage 3 ⁽¹⁾ € million	Total amount € million	Total amount € million
Loans and advances to customers at amortised cost					
Mortgage lending:					
- Gross carrying amount	6,816	3,231	4,118	14,165	16,262
- Impairment allowance	(34)	(226)	(1,520)	(1,780)	(2,547)
Carrying Amount	6,782	3,005	2,598	12,385	13,715
Consumer lending:					
- Gross carrying amount	2,290	323	1,349	3,962	3,988
- Impairment allowance	(40)	(84)	(1,048)	(1,172)	(1,235)
Carrying Amount	2,250	239	301	2,790	2,753
Small Business lending:					
- Gross carrying amount	1,821	1,200	3,507	6,528	6,421
- Impairment allowance	(19)	(201)	(1,616)	(1,836)	(1,858)
Carrying Amount	1,802	999	1,891	4,692	4,563
Wholesale lending:					
- Gross carrying amount	11,426	2,109	5,318	18,853	18,302
- Impairment allowance	(51)	(121)	(2,775)	(2,947)	(3,160)
Carrying Amount	11,375	1,988	2,543	15,906	15,142
Total loans and advances to customers at AC					
- Gross carrying amount	22,353	6,863	14,292	43,508	44,973
- Impairment allowance	(144)	(632)	(6,959)	(7,735)	(8,800)
Carrying Amount	22,209	6,231	7,333	35,773	36,173
Loans and advances to customers at FVTPL					
Carrying Amount				55	59
Total				35,828	36,232

⁽¹⁾ The POCI loans are presented in 'Lifetime ECL credit-impaired' stage.

Selected Explanatory Notes to the Interim Consolidated Financial Statements

As at 30 June 2019, the carrying amount of loans and advances to customers acquired from Piraeus Bank Bulgaria A.D. (note 31) was € 714 million (wholesale: € 487 million, mortgage: € 115 million, consumer: € 83 million, small business lending: € 29 million).

As at 30 June 2019, the Group's non performing exposures included in loans and advances to customers at amortised cost were reduced to € 14,292 million (31 December 2018: € 16,653 million) driving the Group NPE ratio to 32.8% (31 December 2018: 37%).

Operational targets for Non-Performing Exposures (NPEs)

In March 2019, Eurobank and the other Greek systemic banks responded to the new regulatory framework and SSM requirements for NPEs management and submitted their new NPE Management Strategy for 2019-21, along with NPE Stock Annual Targets at both bank and, for the first time, group level. Specifically for Eurobank, the new submission has taken into account the NPE reduction acceleration plan that was announced in the context of its transformation plan and aims to achieve a Group NPE ratio of ca. 16% in 2019 and a single digit by 2021.

Furthermore, in March 2019, a new protection scheme on primary residence was voted by the Greek Parliament, which is expected to bolster the Banks' efforts to reduce NPEs through a more effective mechanism to work out troubled loans, a restriction of strategic defaulters and, ultimately, an improvement in payment discipline.

Law on the conversion of mortgage loans indexed in Swiss Francs, Serbia

As of 25 April 2019, the parliament of Republic of Serbia adopted a new law on the conversion of mortgage loans indexed in Swiss Francs. Pursuant to the aforementioned law, the Serbian banks were obligated to offer the conversion of the remaining debt indexed in CHF into debt indexed in EUR within 30 days from the law's enforcement. The law envisaged a 38% haircut of the converted debt, of which 15% is reimbursed by the Republic of Serbia, while the banks are also entitled to a tax credit of 2% on the amount of the remaining debt. This debt reduction is considered tax deductible pursuant to the local corporate income tax law. The debtors had 30 days to inform the banks if they would accept the above offer, which included the application of the interest rate valid on 31 March 2019 for EUR indexed loans.

For the period ended 30 June 2019, Eurobank's banking subsidiary in Serbia "Eurobank A.D. Beograd" recognized € 17.6 million impairment losses relating to loans and advances to customers eligible for conversion under the above law. The total tax effect from the aforementioned conversion including the tax credit of 2% amounted to € 4.4 million income. Considering that the majority of the debtors have already participated in the conversion, the Group does not expect further significant impact in its financial position from the law.

Loans classified as held for sale

In June 2019, the Bank announced that it has entered into a binding agreement with an international investor for the sale of 95% of the mezzanine and junior notes of a securitization of a residential mortgage loan portfolio of ca. € 2 bn gross book value (Project Pillar comprising primarily NPEs). Eurobank shall retain 100% of the senior notes, as well as 5% of the mezzanine and junior notes. Upon closing of the transaction and as a result of the notes' disposal, the Bank will transfer substantially all risks and rewards of ownership and will derecognize the loan portfolio. Consequently, as at 30 June 2019, the portfolio comprising loans with gross carrying amount of € 1,987 million, which carried an impairment allowance of € 845 million, has been classified as held for sale. The net carrying amount of the loan portfolio amounting to € 1,142 million corresponds to its implied valuation based on the nominal value of the senior notes and the sale price of the mezzanine notes according to the terms of the above agreement. The closing of the transaction is subject to SSM approval, and is expected to occur within the third quarter of 2019.

Additionally, during the second quarter of 2019, the Bank received a binding offer for the disposal of non-performing corporate loans. Accordingly, loans with gross carrying amount of € 37 million, which carried an impairment allowance of € 29 million, were classified as held for sale, as their sale was considered highly probable.

Selected Explanatory Notes to the Interim Consolidated Financial Statements
16. Investment securities

	30 June 2019 € million	31 December 2018 € million
Investment securities at FVOCI	5,523	6,248
Investment securities at amortised cost	1,472	1,420
Investment securities at FVTPL	102	104
Total	7,097	7,772

The tables below disclose the carrying amount and the exposure to credit risk of investment securities:

	30 June 2019		
	12-month ECL- Stage 1 € million	Lifetime ECL- Stage 2 € million	Total € million
Investment securities at amortised cost			
- Gross carrying amount	720	789	1,509
- Impairment allowance	(2)	(35)	(37)
Carrying Amount	718	754	1,472
Investment securities at FVOCI			
Carrying Amount	5,523	-	5,523
Total	6,241	754	6,995
Investment securities at FVTPL			
Carrying amount			102
Total Investment securities			7,097

	31 December 2018		
	12-month ECL- Stage 1 € million	Lifetime ECL- Stage 2 € million	Total € million
Investment securities at amortised cost			
- Gross carrying amount	697	754	1,451
- Impairment allowance	(3)	(28)	(31)
Carrying Amount	694	726	1,420
Investment securities at FVOCI			
Carrying Amount	6,222	26	6,248
Total	6,916	752	7,668
Investment securities at FVTPL			
Carrying amount			104
Total Investment securities			7,772

Selected Explanatory Notes to the Interim Consolidated Financial Statements

The investment securities per category are analyzed as follows:

30 June 2019				
	Investment securities at FVOCI	Investment securities at amortised cost	Investment securities at FVTPL	Total
	€ million	€ million	€ million	€ million
Debt securities				
- Greek government bonds	2,787	979	-	3,766
- Other government bonds	1,958	493	-	2,451
- Other issuers	778	-	4	782
	5,523	1,472	4	6,999
Equity securities	-	-	98	98
Total	5,523	1,472	102	7,097

31 December 2018				
	Investment securities at FVOCI	Investment securities at amortised cost	Investment securities at FVTPL	Total
	€ million	€ million	€ million	€ million
Debt securities				
- Greek government bonds ⁽¹⁾	2,229	940	-	3,169
- Other government bonds	3,162	480	-	3,642
- Other issuers	857	-	4	861
	6,248	1,420	4	7,672
Equity securities	-	-	100	100
Total	6,248	1,420	104	7,772

⁽¹⁾ As at 31 December 2018, it includes Greek government treasury bills of € 0.1 million.

During the period ended 30 June 2019, the Group recognized € 44 million gains presented in line 'Gains less losses from investment securities', of which € 35 million resulted from debt securities at FVOCI sale transactions and € 9 million mainly from equity instruments disposals. In the comparative period, the Group had recognized € 46 million gains, mainly as a result of debt securities at FVOCI sale transactions.

In the first half of 2019, the improvement of the credit spreads of the Hellenic Republic debt resulted in the increase of the fair value of Greek Government Bonds classified at FVOCI.

Selected Explanatory Notes to the Interim Consolidated Financial Statements
17. Shares in subsidiaries

The following is a listing of the Bank's subsidiaries at 30 June 2019, included in the interim consolidated financial statements for the period ended 30 June 2019:

<u>Name</u>	<u>Note</u>	<u>Percentage holding</u>	<u>Country of incorporation</u>	<u>Line of business</u>
Be Business Exchanges S.A. of Business Exchanges Networks and Accounting and Tax Services		98.01	Greece	Business-to-business e-commerce, accounting, tax and sundry services
Eurobank Asset Management Mutual Fund Mngt Company S.A.		100.00	Greece	Mutual fund and asset management
Eurobank Equities S.A.		100.00	Greece	Capital markets and advisory services
Eurobank Ergasias Leasing S.A.		100.00	Greece	Leasing
Eurobank Factors S.A.		100.00	Greece	Factoring
Eurobank FPS Loans and Credits Claim Management S.A.		100.00	Greece	Loans and Credits Claim Management
Hellenic Post Credit S.A.		50.00	Greece	Credit card management and other services
Herald Greece Real Estate development and services company 1		100.00	Greece	Real estate
Herald Greece Real Estate development and services company 2		100.00	Greece	Real estate
Standard Ktimatiki S.A.		100.00	Greece	Real estate
Cloud Hellas Ktimatiki S.A.	e	100.00	Greece	Real estate
Piraeus Port Plaza 1 Development S.A.	e	100.00	Greece	Real estate
Cairo Estate I Single Member S.A.	f	100.00	Greece	Real estate
Cairo Estate II Single Member S.A.	f	100.00	Greece	Real estate
Cairo Estate III Single Member S.A.	f	100.00	Greece	Real estate
Pillar Estate Single Member S.A.	f	100.00	Greece	Real estate
Real Estate Management Single Member S.A.	f	100.00	Greece	Real estate services
Anchor Hellenic Investment Holding Single Member S.A.	g	100.00	Greece	Real estate
Eurobank Bulgaria A.D.		99.99	Bulgaria	Banking
Bulgarian Retail Services A.D.		100.00	Bulgaria	Rendering of financial services and credit card management
ERB Property Services Sofia E.A.D.		99.99	Bulgaria	Real estate services
IMO 03 E.A.D.		100.00	Bulgaria	Real estate services
IMO Property Investments Sofia E.A.D.		100.00	Bulgaria	Real estate services
ERB Leasing Bulgaria EAD		100.00	Bulgaria	Leasing
Piraeus Bank Bulgaria A.D.	d	99.98	Bulgaria	Banking
Piraeus Insurance Brokerage EOOD	d	99.98	Bulgaria	Insurance brokerage
ERB Hellas (Cayman Islands) Ltd		100.00	Cayman Islands	Special purpose financing vehicle
Berberis Investments Ltd		100.00	Channel Islands	Holding company
ERB Hellas Funding Ltd		100.00	Channel Islands	Special purpose financing vehicle
Eurobank Cyprus Ltd		100.00	Cyprus	Banking
CEH Balkan Holdings Ltd ⁽¹⁾		100.00	Cyprus	Holding company
Chamia Enterprises Company Ltd ⁽¹⁾		100.00	Cyprus	Special purpose investment vehicle
ERB New Europe Funding III Ltd		100.00	Cyprus	Finance company
Foramónio Ltd		100.00	Cyprus	Real estate
NEU 03 Property Holdings Ltd		100.00	Cyprus	Holding company
NEU Property Holdings Ltd		100.00	Cyprus	Holding company
Lenevino Holdings Ltd		100.00	Cyprus	Real estate
Rano Investments Ltd		100.00	Cyprus	Real estate
Neviko Ventures Ltd		100.00	Cyprus	Real estate
Staynia Holdings Ltd	e	100.00	Cyprus	Real estate
Zivar Investments Ltd	h	100.00	Cyprus	Real estate
Amvanero Ltd	h	100.00	Cyprus	Real estate
Ragisena Ltd	h	100.00	Cyprus	Real estate
Revasono Holdings Ltd	h	100.00	Cyprus	Real estate
Volki Investments Ltd	h	100.00	Cyprus	Real estate

Selected Explanatory Notes to the Interim Consolidated Financial Statements

<u>Name</u>	<u>Note</u>	<u>Percentage holding</u>	<u>Country of incorporation</u>	<u>Line of business</u>
Eurobank Private Bank Luxembourg S.A.		100.00	Luxembourg	Banking
Eurobank Fund Management Company (Luxembourg) S.A.		100.00	Luxembourg	Fund management
Eurobank Holding (Luxembourg) S.A.		100.00	Luxembourg	Holding company
ERB Lux Immo S.A.		100.00	Luxembourg	Real estate
Grivalia New Europe S.A.	e	100.00	Luxembourg	Real estate
ERB New Europe Funding B.V.		100.00	Netherlands	Finance company
ERB New Europe Funding II B.V.		100.00	Netherlands	Finance company
ERB New Europe Holding B.V.		100.00	Netherlands	Holding company
ERB IT Shared Services S.A.		100.00	Romania	Informatics data processing
Eurobank Finance S.A. ⁽¹⁾		100.00	Romania	Investment banking
IMO Property Investments Bucuresti S.A.		100.00	Romania	Real estate services
IMO-II Property Investments S.A.		100.00	Romania	Real estate services
Eliade Tower S.A.	e	99.99	Romania	Real estate
Retail Development S.A.	e	99.99	Romania	Real estate
Seferco Development S.A.	e	99.99	Romania	Real estate
Eurobank A.D. Beograd		99.99	Serbia	Banking
ERB Leasing A.D. Beograd ⁽¹⁾		99.99	Serbia	Leasing
IMO Property Investments A.D. Beograd		100.00	Serbia	Real estate services
Reco Real Property A.D. Beograd	e	100.00	Serbia	Real estate
ERB Istanbul Holding A.S.		100.00	Turkey	Holding company
ERB Hellas Plc		100.00	United Kingdom	Special purpose financing vehicle
Anaptyxi SME I Plc ⁽¹⁾		-	United Kingdom	Special purpose financing vehicle
Karta II Plc		-	United Kingdom	Special purpose financing vehicle
Themeleion II Mortgage Finance Plc ⁽¹⁾		-	United Kingdom	Special purpose financing vehicle
Themeleion III Mortgage Finance Plc ⁽¹⁾		-	United Kingdom	Special purpose financing vehicle
Themeleion IV Mortgage Finance Plc ⁽¹⁾		-	United Kingdom	Special purpose financing vehicle
Themeleion Mortgage Finance Plc ⁽¹⁾		-	United Kingdom	Special purpose financing vehicle
Tegea Plc ⁽¹⁾		-	United Kingdom	Special purpose financing vehicle
Maximus Hellas Designated Activity Company		-	Ireland	Special purpose financing vehicle
Astarti Designated Activity Company		-	Ireland	Special purpose financing vehicle
Cairo No. 1 Finance Designated Activity Company	f	-	Ireland	Special purpose financing vehicle
Cairo No. 2 Finance Designated Activity Company	f	-	Ireland	Special purpose financing vehicle
Cairo No. 3 Finance Designated Activity Company	f	-	Ireland	Special purpose financing vehicle
Pillar Finance Designated Activity Company	f	-	Ireland	Special purpose financing vehicle

⁽¹⁾ Entities under liquidation at 30 June 2019.

The following entities are not included in the interim consolidated financial statements mainly due to immateriality:

(i) Holding and other entities of the Group's special purpose financing vehicles: (a) Themeleion III Holdings Ltd, Themeleion IV Holdings Ltd, Themeleion V Mortgage Finance Plc, Themeleion VI Mortgage Finance Plc, Anaptyxi APC Ltd, Byzantium II Finance Plc, Tegea Holdings Ltd and Anaptyxi SME I Holdings Ltd, which are under liquidation and (b) Karta II Holdings Ltd.

(ii) Dormant entity: Enalios Real Estate Development S.A.

(iii) Entities controlled by the Group pursuant to the terms of the relevant share pledge agreements: Finas S.A., Rovinvest S.A., Provet S.A. and Promivet S.A.

(a) NEU BG Central Office Ltd, Cyprus

In the fourth quarter of 2018, the liquidation of the company was decided. In the first quarter of 2019, the final distribution of the property of the company to its shareholder NEU Property Holdings Ltd was completed and accordingly it was not included in the consolidated financial statements as of the period ended 31 March 2019. The relevant procedure for the dissolution of the company was completed in July 2019.

Selected Explanatory Notes to the Interim Consolidated Financial Statements

(b) Eurobank Property Services S.A., Greece, Eurobank Property Services S.A., Romania and ERB Property Services d.o.o. Beograd, Serbia

In January 2019, the Bank and Cerved Credit Management Group S.r.l. (Cerved) signed a binding agreement in the context of which Cerved would acquire the entire share capital of Eurobank Property Services S.A. in Greece (EPS) and its subsidiaries Eurobank Property Services S.A. in Romania and ERB Property Services d.o.o. Beograd in Serbia from Eurobank. EPS Greece has also been appointed as real estate servicer for Eurobank for the next five years with respect to all real estate valuation activities and other services. The transaction was completed in April 2019 via the acquisition from Cerved, for a consideration of € 8 million, of the entire share capital of EPS with a resulting gain of € 1.3 million recognized in "other income/expenses". Further consideration of up to € 5 million in the form of earn – out will be due upon reaching certain economic results and conditions in the timeframe until 2023. The transaction was in line with the Bank's strategy to focus on its core operations, adopting an outsourcing business model in relation to real estate services.

(c) Modern Hoteling, Greece

In February 2019, the Bank signed a pre- agreement with third party for the disposal of its participation (100%) in Modern Hoteling. Based on the above agreement, a share capital increase took place in March 2019, which was covered by the purchaser in order for the company's debt to be fully repaid to the Bank. Upon completion of the share capital increase, the Bank's participation in the company decreased to 41% and based on the relevant share purchase agreement signed in the same month, the disposal of the company was completed, with a resulting gain of € 2.1 million recognized in "other income/expenses".

(d) Acquisition of Piraeus Bank Bulgaria A.D. and Piraeus Insurance Brokerage EOOD, Bulgaria

On 7 November 2018, the Bank announced that it had concluded an agreement with Piraeus Bank S.A. for the acquisition of Piraeus Bank Bulgaria A.D. ("PBB"), a subsidiary of Piraeus Bank, by Eurobank's subsidiary in Bulgaria, Eurobank Bulgaria A.D. ("Postbank") (the "Transaction"). In June 2019, the Transaction was completed, after all necessary approvals from the competent authorities were obtained and the Bank's subsidiary Postbank acquired 99.9819% of the shares and voting rights of PBB and consequently indirect holding participation of 99.9819% in its 100% subsidiary Piraeus Insurance Brokerage EOOD (note 31).

(e) Grivalia Properties REIC S.A., subsidiaries

On 5 April 2019, the General Meetings of the Shareholders of Eurobank and Grivalia Properties REIC approved the merger of the two companies. As of that date, the Bank also obtained control of Grivalia subsidiaries. Further information in relation to the merger of the two companies is provided in note 31.

In the first half of 2019, in the context of the management of the Group's non performing exposures (NPEs), the following wholly owned subsidiaries were established:

(f) Special purpose financing vehicles for the securitization of Bank loans and related real estate companies

- Cairo No. 1 Finance Designated Activity Company, Cairo No. 2 Finance Designated Activity Company, Cairo No. 3 Finance Designated Activity Company and Pillar Finance Designated Activity Company, Ireland (note 24).

- Cairo Estate I Single Member S.A., Cairo Estate II Single Member S.A., Cairo Estate III Single Member S.A., Pillar Estate Single Member S.A. and Real Estate Management Single Member S.A., Greece

(g) Anchor Hellenic Investment Holding Single Member S.A., real estate company, Greece

(h) Zivar Investments Ltd, Amvanero Ltd, Ragisena Ltd, Revasono Holdings Ltd and Volki Investments Ltd, real estate companies, Cyprus

Post balance sheet events

In July 2019, in the context of the management of its non performing exposures (NPEs), the Group: (i) established the wholly owned subsidiaries Vouliagmeni Residence Single Member S.A. and Athinaiki Estate Investments Single Member S.A. in Greece and (ii) acquired 100% of the shares and voting rights of Rhodes Marines S.A.

Selected Explanatory Notes to the Interim Consolidated Financial Statements
18. Investments in associates and joint ventures

As at 30 June 2019, the carrying amount of the Group's investments in associates and joint ventures amounted to € 211 million (31 December 2018: € 113 million). The following is the listing of the Group's associates and joint ventures as at 30 June 2019:

<u>Name</u>	<u>Note</u>	<u>Country of incorporation</u>	<u>Line of business</u>	<u>Group's share</u>
Femion Ltd		Cyprus	Special purpose investment vehicle	66.45
Tefin S.A. ⁽¹⁾		Greece	Dealership of vehicles and machinery	50.00
Sinda Enterprises Company Ltd		Cyprus	Special purpose investment vehicle	48.00
Singidunum - Buildings d.o.o. Beograd	a	Serbia	Development of building projects	25.15
Alpha Investment Property Kefalariou S.A.		Greece	Real estate	41.67
Global Finance S.A. ⁽²⁾		Greece	Investment financing	33.82
Rosequeens Properties Ltd ⁽³⁾		Cyprus	Special purpose investment vehicle	33.33
Famar S.A. ⁽¹⁾		Luxembourg	Holding company	23.55
Odyssey GP S.a.r.l.		Luxembourg	Special purpose investment vehicle	20.00
Eurolife ERB Insurance Group Holdings S.A. ⁽²⁾		Greece	Holding company	20.00
Alpha Investment Property Commercial Stores S.A.		Greece	Real estate	30.00
Peirga Kythnou P.C.	b	Greece	Real estate	50.00
Piraeus Port Plaza 2	d	Greece	Real estate	49.00
Piraeus Port Plaza 3	d	Greece	Real estate	49.00
Value Touristiki S.A.	d	Greece	Real estate	49.00
Grivalia Hospitality S.A. ⁽³⁾	d	Luxembourg	Real estate	25.00

⁽¹⁾ Entities under liquidation at 30 June 2019.

⁽²⁾ Eurolife Insurance group (Eurolife ERB Insurance Group Holdings S.A. and its subsidiaries) and Global Finance group (Global Finance S.A. and its subsidiaries) are considered as Group's associates.

⁽³⁾ Rosequeens Properties Ltd (including its subsidiary Rosequeens Properties SRL) and Grivalia Hospitality group (Grivalia Hospitality S.A. and its subsidiaries) are considered as Group's joint ventures.

(a) Singidunum - Buildings d.o.o. Beograd, Serbia

During the period ended 30 June 2019, the Group's participation in Singidunum decreased from 25.34% to 25.15%, following the share capital increases in favor of the other shareholder, Lamda Development B.V. in accordance with the terms of the relevant shareholders agreement.

(b) Peirga Kythnou P.C., Greece

In February 2019, in the context of a debt restructuring, Eurobank and Piraeus Bank S.A. established Peirga Kythnou S.A., to operate as a real estate company in Greece. Based on the contractual terms of the shareholders' agreements and the substance of the arrangement, Peirga Kythnou S.A. will be accounted as a joint venture of the Group.

(c) Unisoft S.A., Greece

In March 2019, the Bank increased its participation in Unisoft S.A from 18.02% to 29.06%, as a result of the share capital increase performed in the context of the company's debt restructuring scheme. In April 2019, an agreement was signed for the disposal of the entire share capital of Unisoft S.A., for a consideration of € 0.8 million.

(d) Grivalia Properties REIC S.A., joint ventures

On 5 April 2019, the General Meetings of the Shareholders of Eurobank and Grivalia Properties REIC approved the merger of the two companies. As of that date, the Bank also obtained control of Grivalia group and consequently joint control to its joint ventures. Further information in relation to the merger of the two companies is provided in note 31.

Post balance sheet event
Singidunum - Buildings d.o.o. Beograd, Serbia

In July 2019, the Group's participation in Singidunum decreased from 25.15% to 24.90%, following an additional share capital increase in favor of the other shareholder, Lamda Development B.V., in accordance with the relevant shareholders agreement.

Selected Explanatory Notes to the Interim Consolidated Financial Statements
19. Property, plant and equipment and Investment property

The carrying amounts of property, plant and equipment and investment property are analyzed as follows:

	30 June 2019 € million	31 December 2018 € million
Land, buildings, leasehold improvements ⁽²⁾	471	266
Furniture, equipment, motor vehicles	37	35
Computer hardware, software	55	52
Right of use of assets ⁽¹⁾	224	-
Total property, plant and equipment	787	353
Investment property ⁽²⁾	1,113	316
Total	1,900	669

⁽¹⁾ Following the adoption of IFRS 16 as of 1 January 2019 (note 2). The respective lease liabilities are presented in "other liabilities" (note 25).

⁽²⁾ The increase is mainly related to the merger with Grivalia Properties REIC (note 31).

The movement of investment property is as follows:

	30 June 2019 € million
Cost:	
Balance at 1 January	343
Arising from acquisition/merger (note 31)	815
Transfers from/to repossessed assets	3
Disposals and write-offs	(14)
Impairments	(2)
Balance at 30 June	1,145
Accumulated depreciation:	
Balance at 1 January	(27)
Arising from acquisition/merger (note 31)	(1)
Disposals and write-offs	1
Charge for the year	(5)
Balance at 30 June	(32)
Net book value at 30 June	1,113

20. Other assets

	30 June 2019 € million	31 December 2018 € million
Receivable from Deposit Guarantee and Investment Fund	708	707
Repossessed properties and relative prepayments	595	555
Pledged amount for a Greek sovereign risk financial guarantee	239	240
Balances under settlement ⁽²⁾	121	122
Prepaid expenses and accrued income	119	83
Other guarantees	81	76
Income tax receivable ⁽¹⁾	59	53
Other assets	170	98
Total	2,092	1,934

⁽¹⁾ Includes withholding taxes, net of provisions.

⁽²⁾ Includes settlement balances with customers, balances under settlement relating to the auction process and brokerage activity.

Selected Explanatory Notes to the Interim Consolidated Financial Statements

As at 30 June 2019, other assets net of provisions, amounting to € 170 million include, among others, receivables related to (a) prepayments to suppliers, (b) public entities (including the receivable from Republic of Serbia, note 15), (c) property management activities and (d) legal cases.

21. Due to central banks

	30 June 2019 € million	31 December 2018 € million
Secured borrowing from ECB and BoG	1,250	2,050

As at 30 June 2019, the dependency on Eurosystem financing facilities decreased to € 1.3 bn, mainly due to deposits inflows (31 December 2018: € 2.1 bn, of which € 0.5 bn funding from ELA). The Bank has eliminated the use of ELA since the end of January 2019.

22. Due to credit institutions

	30 June 2019 € million	31 December 2018 € million
Secured borrowing from credit institutions	5,767	5,652
Borrowings from international financial and similar institutions	676	591
Current accounts and settlement balances with banks	155	115
Interbank takings	41	18
Total	6,639	6,376

As at 30 June 2019, secured borrowing from credit institutions refers mainly to transactions with foreign institutions, which were conducted with collaterals Greek government securities and covered bonds issued by the Bank (notes 16 and 24). As at 30 June 2019, borrowings from international financial and similar institutions include borrowings from European Investment Bank, European Bank for Reconstruction and Development and other similar institutions.

23. Due to customers

	30 June 2019 € million	31 December 2018 € million
Savings and current accounts	23,690	21,875
Term deposits	17,442	16,990
Repurchase agreements	200	200
Other term products (note 24)	12	18
Total	41,344	39,083

As at 30 June 2019, due to customers include customer deposits from the acquisition of Piraeus Bank Bulgaria A.D. (note 31) amounting to € 1,092 million (savings and current accounts: € 629 million, term deposits: € 463 million).

The other term products relate to senior medium-term notes held by the Bank's customers, amounting to € 12 million (31 December 2018: € 18 million).

For the period ended 30 June 2019, due to customers for the Greek and International operations amounted to € 29,537 million and € 11,807 million, respectively (31 December 2018: € 28,785 million and € 10,298 million, respectively).

Selected Explanatory Notes to the Interim Consolidated Financial Statements
24. Debt securities in issue

	30 June 2019 € million	31 December 2018 € million
Securitisations	1,261	1,245
Subordinated notes (Tier 2)	977	947
Covered bonds	506	499
Medium-term notes (EMTN) (note 23)	18	16
Total	2,762	2,707

Securitisations

In the first quarter of 2019, the Bank, through its special purpose financing vehicle Maximus Hellas DAC, proceeded with the upsize of the asset backed securities issue to a total face value of € 1,338 million, of which € 910 million Class A notes were held by an international institutional investor while € 428 million Class B notes were held by the Bank. As at 30 June 2019, following their partial redemption, the carrying value of Class A notes amounted to € 805 million (31 December 2018: € 654 million).

In addition, for the period ended 30 June 2019, following their partial redemption, the carrying value of the asset backed securities issued by the Bank's special purpose financing vehicle Astarti DAC, held by an institutional investor (Class A notes), amounted to € 456 million (31 December 2018: € 591 million).

In June 2019, the Bank through its special purpose financing vehicle Pillar Finance Designated Activity Company, issued asset backed securities of total face value of ca. € 2 bn (of which € 1,044 million senior, € 310 million mezzanine and € 645 million junior notes), collateralized by a portfolio of primarily non performing residential mortgage loans (Project Pillar), which have been fully retained by the Bank. In the same month, the Bank announced that it has signed a binding agreement with Celidoria S.A R.L, an entity ultimately owned by funds whose investment manager is the global investment management firm Pimco, for the sale of 95% of the mezzanine and junior notes of the abovementioned securitization (note 15).

Furthermore, in June 2019, the Bank through its special purpose financing vehicles Cairo No. 1 Finance Designated Activity Company, Cairo No. 2 Finance Designated Activity Company and Cairo No. 3 Finance Designated Activity Company, issued asset backed securities of total face value of ca. € 7.5 bn, collateralized by a mixed assets portfolio of NPEs, which have been fully retained by the Bank. In the same month, the Bank and Bravo Strategies III LLC, an affiliate of Celidoria, agreed to enter into exclusive negotiations for the sale of 20% of the mezzanine and junior notes of the abovementioned securitization (Project Cairo) and the sale of a majority stake in the Bank's subsidiary Financial Planning Services S.A. (Project Europe). The parties intend to conclude the agreement within the third quarter of 2019.

Tier 2 Capital instruments

In January 2018, the Bank issued Tier 2 capital instruments of face value of € 950 million, in replacement of the preference shares which had been issued in the context of the first stream of Hellenic Republic's plan to support liquidity in the Greek economy under Law 3723/2008. The aforementioned instruments, which have a maturity of ten years (until 17 January 2028) and pay fixed nominal interest rate of 6.41% (recognized in the income statement), that shall be payable semi-annually, as at 30 June 2019, amounted to € 977 million, including € 4 million unamortized issuance costs and € 31 million accrued interest.

Medium-term notes (EMTN)

In January 2019, the Group issued medium term notes of face value of € 2 million.

Covered bonds

During the period ended 30 June 2019, the Bank proceeded with the partial cancellation of covered bonds of face value of € 150 million, previously retained by the Bank.

Financial disclosures required by the Act 2620/28.08.2009 of the Bank of Greece in relation to the covered bonds issued, are available at the Bank's website (Investor Report for Covered Bonds Programs).

Selected Explanatory Notes to the Interim Consolidated Financial Statements
25. Other liabilities

	30 June 2019 € million	31 December 2018 € million
Lease liabilities ⁽¹⁾	225	-
Balances under settlement ⁽²⁾	352	297
Deferred income and accrued expenses	149	96
Other provisions	125	98
ECL allowance for credit related commitments	55	58
Standard legal staff retirement indemnity obligations	51	49
Employee termination benefits ⁽³⁾	48	8
Sovereign risk financial guarantee	42	43
Acquisition obligation (note 31)	26	-
Income taxes payable	15	8
Deferred tax liabilities (note 12)	14	4
Other liabilities	163	183
Total	1,265	844

⁽¹⁾ Following the adoption of IFRS 16 as of 1 January 2019 (note 2).

⁽²⁾ Includes settlement balances relating to bank cheques and remittances, credit card transactions, other banking and brokerage activities.

⁽³⁾ For the year ended 31 December 2018, obligations for employee termination benefits arising from VES were presented within other provisions.

As at 30 June 2019, other liabilities amounting to € 163 million mainly consist of payables relating with (a) suppliers and creditors, (b) contributions to insurance organizations, (c) duties and other taxes and (d) trading liabilities.

As at 30 June 2019, other provisions amounting to € 125 million (31 December 2018: € 98 million) mainly include: (a) € 57 million for outstanding litigations and claims in dispute (note 30), (b) € 45 million for other operational risk events, of which € 37 million is related to Romanian disposal group (note 13) and (c) € 18 million for restructuring costs relating to the acquisition of Piraeus Bank Bulgaria A.D. (note 31).

For the period ended 30 June 2019, an amount of € 42 million has been recognised in the Group's income statement for employee termination benefits in respect of the Voluntary Exit Scheme (VES) launched by the Bank in May 2019. The new VES has been offered to employees over an age limit as well as to employees of specific eligible Bank units independent of age and will be implemented through either lump-sum payments or long term leaves during which the employees will be receiving a percentage of a monthly salary, or a combination thereof.

In respect of the Voluntary Exit Scheme (VES) that was initiated during the previous years, the Group recognised an additional cost of € 13 million in the first half of 2019. Further information is provided in note 38 of the consolidated financial statements for the year ended 31 December 2018.

26. Share capital, share premium and treasury shares

As at 30 June 2019, the par value of the Bank's shares is € 0.23 per share (31 December 2018: € 0.30). All shares are fully paid. The movement of share capital, share premium and treasury shares is as follows:

	Share capital € million	Treasury shares € million	Net € million	Share premium € million	Treasury shares € million	Net € million
Balance at 1 January	656	(1)	655	8,056	(1)	8,055
Share capital increase, following the merger with Grivalia Properties REIC	197	-	197	-	-	-
Purchase of treasury shares	-	(0)	(0)	-	(2)	(2)
Sale of treasury shares	-	0	0	-	0	0
Balance at 30 June	853	(1)	852	8,056	(3)	8,053

Selected Explanatory Notes to the Interim Consolidated Financial Statements

The following is an analysis of the movement in the number of shares issued by the Bank:

	Number of shares		
	Issued shares	Treasury shares	Net
Balance at 1 January	2,185,998,765	(1,194,032)	2,184,804,733
Share capital increase, following the merger with Grivalia Properties REIC	1,523,163,087	-	1,523,163,087
Purchase of treasury shares	-	(3,921,148)	(3,921,148)
Sale of treasury shares	-	874,196	874,196
Balance at 30 June	3,709,161,852	(4,240,984)	3,704,920,868

On 5 April 2019, the Extraordinary General Meeting of the Bank's Shareholders approved the merger of the Bank with Grivalia Properties REIC (note 31) by absorption of the latter by the former and resolved the increase of the share capital of the Bank by:

- € 165 million, which corresponds to the share capital of Grivalia Properties REIC; and
- € 32 million, derived from taxed profits for rounding reasons of the nominal value of the new common share of the Bank, which is amended from € 0.30 to € 0.23.

Following the above increases, the Bank's total share capital amounts to € 853 million divided into 3,709,161,852 common voting shares of nominal value of € 0.23 each.

Treasury shares

In the ordinary course of business, the Bank's subsidiaries may acquire and dispose of treasury shares. According to paragraph 1 of Article 16c of Law 3864/2010, during the period of the participation of the HFSF in the share capital of the Bank it is not permitted to the Bank to purchase treasury shares without the approval of the HFSF.

In addition, as at 30 June 2019, the number of Eurobank shares held by the Group's associates in the ordinary course of their insurance and investing activities was 63,392,250 in total (31 December 2018: 18,406,000).

27. Preferred securities

The carrying amount of preferred securities issued by the Group through its Special Purpose Entity, ERB Hellas Funding Limited, as at 30 June 2019 is analyzed as follows:

	Series A € million	Series B € million	Series C € million	Series D € million	Total € million
Balance at 30 June	2	4	17	19	42

All obligations of the issuer, in respect of the aforementioned issues of preferred securities, are guaranteed on a subordinated basis by the Bank. The analytical terms of each issue along with the rates and/or the basis of calculation of preferred dividends are available at the Bank's website. Following the redemption of the Greek State – owned preference shares (note 24) on 17 January 2018, and in accordance with the terms of the preferred securities, ERB Hellas Funding Ltd declared and paid the non-cumulative dividends of € 1.4 million (€ 1.2 million after tax) in total on the Series A, B, C and D. As at 30 June 2019, the dividend attributable to preferred securities holders amounted to € 1.4 million (€ 1.2 million, after tax).

Post balance sheet events

ERB Hellas Funding proceeded with the payment of non-cumulative dividends of € 0.7 million in total on series C, D and B on 9 July, 29 July and 2 August 2019, respectively.

In April 2019, the Board of Directors of ERB Hellas Funding decided to proceed with the redemption of all four series of the preferred securities issued. The relevant regulatory announcement of its intention was released on 23 April 2019. Accordingly, on 29 May and 21 June 2019, a notice for the redemption of series C and B preferred securities was given to the holders and the notes were redeemed on 9 July and 2 August 2019 respectively. Pursuant to the terms of each issue, the next available call dates for the redemption of series D and A preferred securities are 29 October 2019 and 18 March 2020, respectively.

Selected Explanatory Notes to the Interim Consolidated Financial Statements

28. Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price). When a quoted price for an identical asset or liability is not observable, fair value is measured using another valuation technique that is appropriate in the circumstances, and maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Observable inputs are developed using market data, such as publicly available information about actual events or transactions, and reflect assumptions that market participants would use when pricing financial instruments, such as quoted prices in active markets for similar instruments, interest rates and yield curves, implied volatilities and credit spreads.

The Group's financial instruments measured at fair value or at amortized cost for which fair value is disclosed are categorized into the three levels of the fair value hierarchy based on whether the inputs to the fair values are observable or unobservable, as follows:

- (a) Level 1-Financial instruments measured based on quoted prices (unadjusted) in active markets for identical financial instruments that the Group can access at the measurement date. A market is considered active when quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and represent actually and regularly occurring transactions. Level 1 financial instruments include actively quoted debt instruments held or issued by the Group, equity and derivative instruments traded on exchanges, as well as mutual funds that have regularly and frequently published quotes.
- (b) Level 2-Financial instruments measured using valuation techniques with inputs, other than level 1 quoted prices, that are observable either directly or indirectly, such as: i) quoted prices for similar financial instruments in active markets, ii) quoted prices for identical or similar financial instruments in markets that are not active, iii) inputs other than quoted prices that are directly or indirectly observable, mainly interest rates and yield curves observable at commonly quoted intervals, forward exchange rates, equity prices, credit spreads and implied volatilities obtained from internationally recognized market data providers and iv) other unobservable inputs which are insignificant to the entire fair value measurement. Level 2 financial instruments include over-the-counter (OTC) derivatives, less liquid debt instruments held or issued by the Group and equity instruments.
- (c) Level 3-Financial instruments measured using valuation techniques with significant unobservable inputs. When developing unobservable inputs, best information available is used, including own data, while at the same time market participants' assumptions are reflected (e.g. assumptions about risk). Level 3 financial instruments include unquoted equities or equities traded in markets that are not considered active, certain OTC derivatives, loans and advances to customers and asset backed securities issued by the Group.

Financial instruments measured at fair value

The fair value hierarchy categorization of the Group's financial assets and liabilities measured at fair value is presented in the following tables:

	30 June 2019			
	Level 1	Level 2	Level 3	Total
	€ million	€ million	€ million	€ million
Securities held for trading	119	-	-	119
Investment securities at FVTPL	25	13	64	102
Derivative financial instruments	0	2,351	0	2,351
Investment securities at FVOCI	5,420	103	-	5,523
Loans and advances to customers mandatorily at FVTPL	-	-	55	55
Financial assets measured at fair value	5,564	2,467	119	8,150
Derivative financial instruments	2	2,734	-	2,736
Trading liabilities	7	-	-	7
Financial liabilities measured at fair value	9	2,734	-	2,743

Selected Explanatory Notes to the Interim Consolidated Financial Statements

	31 December 2018			Total € million
	Level 1 € million	Level 2 € million	Level 3 € million	
Securities held for trading	43	0	-	43
Investment securities at FVTPL	39	7	58	104
Derivative financial instruments	0	1,870	1	1,871
Investment securities at FVOCI	6,130	118	-	6,248
Loans and advances to customers mandatorily at FVTPL	-	-	59	59
Financial assets measured at fair value	<u>6,212</u>	<u>1,995</u>	<u>118</u>	<u>8,325</u>
Derivative financial instruments	0	1,893	-	1,893
Trading liabilities	4	-	-	4
Financial liabilities measured at fair value	<u>4</u>	<u>1,893</u>	<u>-</u>	<u>1,897</u>

The Group recognizes transfers into and out of the fair value hierarchy levels at the beginning of the quarter in which a financial instrument's transfer was effected. There were no material transfers between levels during the first half of 2019.

Reconciliation of Level 3 fair value measurements

	30 June 2019 € million
Balance at 1 January	118
Additions, net of disposals and redemptions	5
Total gain/(loss) for the period included in profit or loss	(3)
Foreign exchange differences and other	(1)
Balance at 30 June	<u>119</u>

Group's valuation processes and techniques

The Group's processes and procedures governing the fair valuations are established by the Group Market Counterparty Risk Sector in line with the Group's accounting policies. The Group uses widely recognized valuation models for determining the fair value of common financial instruments that are not quoted in an active market, such as interest and cross currency swaps, that use only observable market data and require little management estimation and judgment. Specifically, observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded and simple over-the-counter derivatives. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values.

Where valuation techniques are used to determine the fair values of financial instruments that are not quoted in an active market, they are validated against historical data and, where possible, against current or recent observed transactions in different instruments, and periodically reviewed by qualified personnel independent of the personnel that created them. All models are certified before they are used and models are calibrated to ensure that outputs reflect actual data and comparative market prices. Fair values' estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that market participants would take them into account in pricing the instrument. Fair values also reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and the counterparty, where appropriate.

Valuation controls applied by the Group may include verification of observable pricing, re-performance of model valuations, review and approval process for new models and/or changes to models, calibration and back-testing against observable market transactions, where available, analysis of significant valuation movements, etc. Where third parties' valuations are used for fair value measurement, these are reviewed in order to ensure compliance with the requirements of IFRS 13.

OTC derivative financial instruments are fair valued by discounting expected cash flows using market interest rates at the measurement date. Counterparty credit risk adjustments and own credit risk adjustments are applied to OTC derivatives, where appropriate. Bilateral credit risk adjustments consider the expected cash flows between the Group and its counterparties under the relevant terms of the derivative instruments and the effect of the credit risk on the valuation of these cash flows. As appropriate in

Selected Explanatory Notes to the Interim Consolidated Financial Statements

circumstances, the Group considers also the effect of any credit risk mitigating arrangements, including collateral agreements and master netting agreements on the calculation of credit risk valuation adjustments (CVAs). CVA calculation uses probabilities of default (PDs) based on observable market data such as credit default swaps (CDS) spreads, where appropriate, or based on internal rating models. The Group applies similar methodology for the calculation of debit-value-adjustments (DVAs), when applicable. Where valuation techniques are based on internal rating models and the relevant CVA is significant to the entire fair value measurement, such derivative instruments are categorized as Level 3 in the fair value hierarchy. A reasonably possible change in the main unobservable input (i.e. the recovery rate), used in their valuation, would not have a significant effect on their fair value measurement.

The Group determines fair values for debt securities held using quoted market prices in active markets for securities with similar credit risk, maturity and yield, quoted market prices in non active markets for identical or similar financial instruments, or using discounted cash flows method.

Unquoted equity instruments at FVTPL under IFRS 9 are estimated mainly (i) using third parties' valuation reports based on investees' net assets, where management does not perform any further significant adjustments, and (ii) net assets' valuations, adjusted where considered necessary.

Loans and advances to customers which contractual cash flows do not represent solely payments of principal and interest (SPPI failures), are measured mandatorily at fair value through profit or loss. Quoted market prices are not available as there are no active markets where these instruments are traded. Their fair values are estimated on an individual loan basis by discounting the future expected cash flows over the time period they are expected to be recovered, using an appropriate discount rate. Expected cash flows, which incorporate credit risk, represent significant unobservable input in the valuation and as such, the entire fair value measurement is categorized as Level 3 in the fair value hierarchy. A reasonably possible increase/decrease in those recovery rates by +5%/-5% would increase/decrease the total fair value measurement by € 2.4 million.

Financial instruments not measured at fair value

The fair value hierarchy categorization of the Group's financial assets and liabilities not measured at fair value on the balance sheet, is presented in the following tables:

	30 June 2019	
	Carrying amount	Fair value
	€ million	€ million
Loans and advances to customers	35,773	35,520
Investment securities at amortised cost	1,472	1,172
Financial assets not measured at fair value	37,245	36,692
Debt securities in issue	2,762	2,632
Financial liabilities not measured at fair value	2,762	2,632

	31 December 2018	
	Carrying amount	Fair value
	€ million	€ million
Loans and advances to customers	36,173	35,940
Investment securities at amortised cost	1,420	889
Financial assets not measured at fair value	37,593	36,829
Debt securities in issue	2,707	2,495
Financial liabilities not measured at fair value	2,707	2,495

Selected Explanatory Notes to the Interim Consolidated Financial Statements

The assumptions and methodologies underlying the calculation of fair values of financial instruments not measured at fair value, are in line with those used to calculate the fair values for financial instruments measured at fair value. Particularly:

- (a) Loans and advances to customers: for loans and advances to customers, quoted market prices are not available as there are no active markets where these instruments are traded. The fair values are estimated by discounting future expected cash flows over the time period they are expected to be recovered, using appropriate risk-adjusted rates. Loans are grouped into homogenous assets with similar characteristics, as monitored by Management, such as product, borrower type and delinquency status, in order to improve the accuracy of the estimated valuation outputs. In estimating future cash flows, the Group makes assumptions on expected prepayments, product spreads and timing of collateral realization. The discount rates incorporate inputs for expected credit losses and interest rates, as appropriate;
- (b) Investment securities measured at amortized cost: the fair values of financial investments are determined using prices quoted in an active market when these are available. In other cases, fair values are determined using quoted market prices for securities with similar credit risk, maturity and yield, quoted market prices in non active markets for identical or similar financial instruments, or by using the discounted cash flows method; and
- (c) Debt securities in issue: the fair values of the debt securities in issue are determined using quoted market prices, if available. If quoted prices are not available, fair values are determined based on quotes for similar debt securities or by discounting the expected cash flows at a risk-adjusted rate, where the Group's own credit risk is determined using inputs indirectly observable, i.e. quoted prices of similar securities issued by the Group or other Greek issuers.

For other financial instruments, which are short term or re-price at frequent intervals (cash and balances with central banks, due from credit institutions, due to central banks, due to credit institutions and due to customers), the carrying amounts represent reasonable approximations of fair values.

29. Cash and cash equivalents and other information on interim cash flow statement

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances with original maturities of three months or less:

	30 June 2019 € million	31 December 2018 € million
Cash and balances with central banks (excluding mandatory and collateral deposits with central banks) ⁽¹⁾	2,650	1,429
Due from credit institutions	719	520
Securities held for trading	1	-
Total	3,370	1,949

⁽¹⁾ € 0.8 bn increase is related to the international activities.

Other (income)/losses on investment securities presented in continuing operating activities are analyzed as follows:

	30 June 2019 € million	30 June 2018 € million
Amortisation of premiums/discounts and accrued interest	55	(26)
(Gains)/losses from investment securities	(44)	(46)
Dividends	(1)	(1)
Total	10	(73)

As of 1 January 2019, following the adoption of IFRS 16, cash payments for the principal portion of the lease liabilities are classified within financing activities.

Selected Explanatory Notes to the Interim Consolidated Financial Statements

30. Contingent liabilities and commitments

The Group presents the credit related commitments it has undertaken within the context of its lending related activities into the following three categories: a) financial guarantee contracts, which refer to guarantees and standby letters of credit that carry the same credit risk as loans (credit substitutes), b) commitments to extend credit, which comprise firm commitments that are irrevocable over the life of the facility or revocable only in response to a material adverse effect and c) other credit related commitments, which refer to documentary and commercial letters and other guarantees of medium and low risk according to the Regulation No 575/2013/EU.

Credit related commitments are analyzed as follows:

	30 June 2019 € million	31 December 2018 € million
Financial guarantee contracts	640	715
Commitments to extend credit	770	580
Other credit related commitments	464	406
Total	1,874	1,701

The credit related commitments within the scope of IFRS 9 impairment requirements amount to € 4.8 bn, including revocable loan commitments of € 3 bn, while the corresponding allowance for impairment losses amounts to € 55 million (31 December 2018: € 58 million).

In addition, the Group has issued a sovereign risk financial guarantee of € 0.24 bn (31 December 2018: € 0.24 bn) for which an equivalent amount has been deposited under the relevant pledge agreement (note 20).

Legal proceedings

As at 30 June 2019, a provision of € 57 million has been recorded for a number of legal proceedings outstanding against the Group (31 December 2018: € 56 million), as set out in note 25. The said amount includes € 34 million for an outstanding litigation related to the acquisition of New TT Hellenic Postbank S.A. in 2013 (31 December 2018: € 34 million).

Furthermore, in the normal course of its business, the Group has been involved in a number of legal proceedings, which are either at still a premature or at an advanced trial instance. The final settlement of these cases may require the lapse of a certain time so that the litigants exhaust the legal remedies provided for by the law. Management, having considered the advice of the Legal Services General Division, does not expect that there will be an outflow of resources and therefore does not acknowledge the need for a provision.

Against the Bank various legal remedies and redresses have been filed amongst others in the form of lawsuits, applications for injunction measures, motions to vacate payment orders and appeals in relation to the validity of clauses for the granting of loans in Swiss Francs. A class action has also been filed by a consumer union. To date the vast majority of the judgments issued by the first instance and the appellate Courts have found in favour of the Bank's positions. On the class action, a judgment of the Athens Court of Appeals was issued in February 2018, which was in favour of the Bank and rejected the lawsuit on its merits. The judgment has been challenged by the consumer unions with an appeal which was scheduled to be heard before the Supreme Court on 20 May 2019. The hearing was cancelled due to the elections held on 26 May 2019, while a new date has not been set. As to certain aspects of Swiss Francs loans there was also a pending lawsuit before the Supreme Court at plenary session which was initiated from an individual lawsuit. The Decision issued on 18 April 2019 was in favour of the Bank.

In any event, the Management of the Bank is closely monitoring the developments to the relevant cases so as to ascertain potential accounting implications in accordance with the Group's accounting policies.

31. Other significant and post balance sheet events

Merger of Eurobank with Grivalia

On 26 November 2018, the Boards of Directors ("BoD") of Eurobank Ergasias S.A. ("Eurobank") and Grivalia Properties REIC ("Grivalia") announced that they unanimously decided to commence the merger of the two companies by absorption of Grivalia by Eurobank (the "Merger"). Grivalia was a real estate investment company under Law 2778/1999, as in force, incorporated in Greece. The

Selected Explanatory Notes to the Interim Consolidated Financial Statements

business of Grivalia along with its subsidiaries (Grivalia group, note 17) and its joint ventures (note 18) was the acquisition, management and leasing out of investment property portfolio located in Greece, in Central Eastern Europe and in Central America.

On 7 February 2019, the European Commission (DG Competition) decided that the Merger is in line with Eurobank's commitments and State Aid rules considering that the strengthening of its capital base through the Merger will enable Eurobank to significantly reduce its non-performing loans in the near future.

On 22 February 2019, the BoD of Eurobank and Grivalia approved the Draft Merger Agreement for the absorption of Grivalia by Eurobank according to the provisions of Greek laws 2166/1993 and 2515/1997, as in force, as well as the applicable Company Law. The proposed share exchange ratio was 15.80000000414930 new Eurobank ordinary registered shares for every 1 Grivalia ordinary registered share, while Eurobank shareholders retain the number of Eurobank ordinary shares they held before the Merger. Accordingly, with respect to the new share capital of Eurobank, 2,185,998,765 shares are allocated to the shareholders of Eurobank and 1,523,163,087 to the shareholders of Grivalia.

On 5 April 2019, the Extraordinary General Meeting of the shareholders of Eurobank resolved, among others (a) the approval of the Merger of the Bank with Grivalia by absorption of the latter by the former, (b) the approval of the Draft Merger Agreement, as it was approved by the BoD of the merging companies and (c) the increase of the share capital of the Bank by € 197 million (note 26).

The Merger was accounted for as a business combination using the purchase method of accounting. The date on which the Shareholders General Meetings of both companies approved the merger, i.e. 5 April 2019 has been determined as the acquisition date as it is considered the date that Eurobank obtained control of Grivalia.

The consideration of the transaction amounting to € 1,093.9 million has been calculated as the fair value of the 1,523,163,087 Eurobank new ordinary shares with reference to Eurobank's share market price on the acquisition date (i.e. € 0.7185) less the fair value of the new Eurobank shares issued corresponding to the Grivalia shares held by the Bank's subsidiary ERB Equities.

The fair value measurement of the assets acquired and liabilities assumed has been provisionally determined and is close to finalization. Upon acquisition, their provisional fair values are presented in the table below:

	Fair value (Provisional values) € million
Assets	
Due from credit institutions ⁽¹⁾	30
<i>of which intercompany balances with Eurobank Group</i>	24
Property, plant and equipment and investment property	1,015
Investment in associates and joint ventures	60
Other assets ⁽²⁾	16
Total assets	1,121
Liabilities	
Due to credit institutions	222
<i>of which intercompany balances with Eurobank Group</i>	147
Other liabilities	27
<i>of which intercompany balances with Eurobank Group</i>	4
Total liabilities	249
Shareholders' equity	872
Total equity and liabilities	1,121

⁽¹⁾ It includes € 3 million cash and cash equivalents (third parties).

⁽²⁾ It includes mainly trade and other receivables of gross carrying amount of € 17 million of which an amount of € 2 million was expected to be uncollectible at the date of acquisition.

Selected Explanatory Notes to the Interim Consolidated Financial Statements

The difference between: (a) the total consideration of € 1,093.9 million and the fair value of the Group's previously held equity interest in Grivalia of € 0.4 million, and (b) the net identifiable assets acquired (provisional fair values of assets and liabilities as stated above) of € 872 million, results in the recognition of a temporary goodwill of € 222 million, which is expected to be finalized by the year end. This is not deductible for income tax purposes and is included in intangible assets. Following the Merger, Eurobank's equity increased by € 1,087 million net of € 7 million related costs. The Merger enhances Eurobank's capital position (note 4) and its earnings capacity, which in turn enables the acceleration of its NPEs reduction plan. In addition, through the Merger, the Group is allowed to deploy Grivalia's best in class real estate management skills to the Bank's real estate assets, in particular to its repossessed assets, which is critical for the management of NPEs.

The results of Grivalia group operations are incorporated in the Group's financial statements prospectively, as of 1 April 2019. If the acquisition had occurred on 1 January 2019, Grivalia group would have contributed net profit of ca. € 9 million to the Group for the period from 1 January 2019 up to 31 March 2019. As of 1 April 2019, the revenues from the investment property portfolio acquired from Grivalia group are presented within the line "Income from non banking services" of the income statement. The Merger was approved on 17 May 2019 by the Ministry of Finance and Development and was registered, on the same day, in the General Commercial Registry. The trading of the 1,523,163,087 new common voting shares of nominal value € 0.23 each was initiated at Athens Exchange on 23 May 2019.

As a result of the Merger, Fairfax group, which before the Merger held 18.40% and 54.02% in Eurobank and Grivalia, respectively, becomes the largest shareholder in the merged entity with a 33.03% shareholding (note 32).

Agreement with the Real estate management company

On 22 February 2019, the Board of Directors of Eurobank also approved the upcoming agreement (SLA), pursuant to article 100 of Greek Law 4548/2018, of the Bank with the company to be incorporated under the name "Grivalia Management Company SA" (the "Company"). The Company was established in March 2019 and is a related party to Eurobank, since a member of the Bank's Board of Directors holds the majority (70%) of the shares of the Company and is an executive member of the board of directors of the Company.

The Bank has concluded a 10-year advisory services agreement with Grivalia Management Company S.A. for the combined real estate portfolio of the merged entities, that came into force following the completion of the Merger. The related services assigned to the Company under this agreement mainly refer to advisory services relating to the acquisition, transfer, lease, management development and strategic planning of the management of real estate assets, including the preparation of the annual budget and the supervision of Eurobank's contractors and advisors. Following a specific mandate, the Company will also undertake certain implementation actions. According to the SLA, total fees that will be charged by the Company based on cost and performance criteria, including a minimum service fee of € 9.35 million for the combined own used and investment property portfolio and a fee related to repossessed assets, shall not exceed € 12 million (excluding VAT) per annum.

Further information on the above transactions is provided in the regulatory announcements on the Bank's website dated 26 November 2018 and 8 February, 25 February, 1 March, 5 April and 17 May 2019.

Acquisition of Piraeus Bank Bulgaria A.D. by Eurobank Bulgaria A.D.

On 7 November 2018, the Bank announced that it has concluded an agreement with Piraeus Bank S.A. for the acquisition of 99.98% of voting rights of Piraeus Bank Bulgaria A.D. ("PBB"), a subsidiary of Piraeus Bank, by Eurobank's subsidiary in Bulgaria, Eurobank Bulgaria A.D. ("Postbank") (the "Transaction").

On 13 June 2019, the Transaction was concluded, following the receipt of the relevant regulatory approvals. As at 30 June 2019, the estimated consideration of the Transaction amounted to € 81 million consisting of the upfront cash consideration of € 55 million, a deferred consideration of € 20 million, to be paid to the seller within a four year period and an additional estimated amount of € 6 million, based on the unaudited benchmark Net Asset Value of PBB as per the provisions of the relevant shares Sale and Purchase Agreement (SPA), to be finally determined upon conclusion of the relevant audits, as described therein.

Selected Explanatory Notes to the Interim Consolidated Financial Statements

The fair value measurement of the assets acquired and liabilities assumed will be completed within 12 months from the acquisition date (measurement period) as provided in IFRS 3. Upon acquisition, their provisional fair values are presented in the table below:

	Fair value (Provisional values) € million
Assets	
Cash and balances with central banks	272
Due from credit institutions	326
Net loans and advances to customers	738
<i>Gross contractual amount: € 858 million</i>	
Investment securities	32
Property, plant and equipment	12
Other assets ⁽¹⁾	5
Total Assets ⁽²⁾	1,385
Liabilities	
Due to credit institutions	148
Due to customers	1,103
Other liabilities	18
Total Liabilities	1,269
Shareholders' equity ⁽³⁾	116
Total equity and liabilities	1,385

⁽¹⁾ Other assets include intangible assets, the investment in Piraeus Insurance Brokerage EOOD and other assets.

⁽²⁾ Includes cash and cash equivalents of € 501 million.

⁽³⁾ Includes non controlling interests of € 0.02 million.

The acquisition was accounted for as a business combination using the purchase method of accounting. The resulting gain on the acquisition of the PBB, amounting to € 30 million net of acquisition-related costs of € 5 million, is attributed to the particular circumstances of the acquisition, in line with the restructuring plan of the seller and Eurobank's strategy to focus on specific international markets, and has been recognized in 'Other income/(expenses)'. In addition, a deferred income tax charge of € 3 million arose as a result of the acquisition (note 12).

The results of PBB were incorporated in the Group's financial statements prospectively, as of 1 June 2019. If the acquisition had occurred on 1 January 2019, PBB would have contributed net profit of € 1.8 million to the Group for the period from 1 January 2019 up to 31 May 2019.

In line with the Group's strategy to focus on the expansion of its international activities in markets which are deemed core, this acquisition will strengthen Postbank's position in the Bulgarian banking sector, in both the retail and mainly corporate business segments.

Corporate Transformation-Hive down

In the context of the NPE reduction acceleration plan, as announced in November 2018, the BoD of the Bank ("Demerged Entity") on 28 June 2019 decided the initiation of the hive down process of the banking business sector of Eurobank and its transfer to a new company-credit institution that will be established ("the Beneficiary").

Post balance sheet event

On 31 July 2019, the BoD of the Bank approved the Draft Demerger Deed through the aforementioned hive down and establishment of a new company-credit institution, pursuant to Article 16 of Law 2515/1997 and Articles 57 (3) and 59-74 of Law 4601/2019, as currently in force. In particular, the demerger will involve the hive-down of the banking business sector of Eurobank, to which the assets and the liabilities, as described on the transformation balance sheet of the hived-down sector as at 30 June 2019 ("Transformation Date"), are included. All actions that will take place after the Transformation Date and will concern the hived down sector shall be treated as occurring on behalf of the Beneficiary.

Selected Explanatory Notes to the Interim Consolidated Financial Statements

The Demerged Entity will maintain activities and assets that are not related to the main banking activities but are mainly related to the strategic planning of the administration of non-performing loans and the provision of services to the Group companies and third parties. Furthermore the Demerged Entity will retain: a) 95% of the mezzanine and junior notes of Projects Pillar and Cairo (note 15 and 24), b) the preferred securities (note 27) and c) participations in certain subsidiaries including Be Business Exchanges S.A. and real estate companies related to projects Pillar and Cairo.

Upon the completion of the demerger (i.e. the date of registration with the General Commercial Registry of the relevant approval by the competent Authority), the following shall take place: a) The Beneficiary will be incorporated and the Demerged Entity shall become the shareholder of the Beneficiary by acquiring all the shares issued by the Beneficiary and more specifically 3,683,244,830 common registered shares, of a nominal value of € 1.10 each and b) the Beneficiary substitutes the Demerged Entity, by way of universal succession, to all the transferred assets and liabilities, as set out in the transformation balance sheet of the hived down sector and formed up to the completion of the demerger.

As of 9 August 2019, the Draft Demerger Deed of the Bank, is available on its website as well as the website of the General Commercial Registry.

The completion of the demerger is subject to the required by the Law approval of the General Meeting of the shareholders of the Bank as well as the receipt of all necessary approvals by the competent Authorities.

Details of other post balance sheet events are provided in the following notes:

Note 2 - Basis of preparation and principal accounting policies

Note 17 - Shares in subsidiaries

Note 18 - Investments in associates and joint ventures

Note 27 – Preferred securities

Note 33 - Board of Directors

32. Related parties

In May 2019, following the increase of the share capital of the Bank in the context of the merger with absorption of Grivalia Properties REIC (note 31), the percentage of the Bank's ordinary shares with voting rights held by the Hellenic Financial Stability Fund (HFSF) decreased from 2.38% to 1.40%. The HFSF is still considered to have significant influence over the Bank pursuant to the provisions of the Law 3864/2010, as in force, and the Relationship Framework Agreement (RFA) the Bank has entered into with the HFSF. Further information in respect of the HFSF rights based on the aforementioned framework is provided in the section "Report of the Directors and Corporate Governance Statement" of the Annual Financial Report for the year ended 31 December 2018.

A number of banking transactions are entered into with related parties in the normal course of business and are conducted on an arm's length basis. These include loans, deposits and guarantees. In addition, as part of its normal course of business in investment banking activities, the Group at times may hold positions in debt and equity instruments of related parties.

Selected Explanatory Notes to the Interim Consolidated Financial Statements

The outstanding balances of the transactions with (a) the key management personnel (KMP) and the entities controlled or jointly controlled by KMP as well as (b) the associates and joint ventures, and the relating income and expenses are as follows:

	30 June 2019		31 December 2018	
	KMP ⁽¹⁾ and Entities		KMP ⁽¹⁾ and Entities	
	controlled or jointly controlled by KMP	Associates and joint ventures	controlled or jointly controlled by KMP	Associates and joint ventures
	€ million	€ million	€ million	€ million
Loans and advances to customers	6.75	24.93	7.20	18.74
Other assets	-	5.32	-	6.88
Due to customers	20.13	59.16	14.79	45.13
Other liabilities	0.03	3.10	0.03	2.52
Guarantees issued	0.01	-	-	-
Guarantees received	0.03	-	0.03	-
	Six months ended 30 June 2019		Six months ended 30 June 2018	
Net interest income	(0.01)	(2.18)	0.02	(3.06)
Net banking fee and commission income	0.01	5.88	0.01	5.17
Net trading income	-	0.19	-	0.01
Gains less losses from investment securities	-	-	-	0.55
Impairment losses relating to loans and advances including relative fees	-	(3.58)	-	(18.26)
Other operating income/(expenses) ⁽²⁾	(4.35)	(12.58)	-	(12.05)

⁽¹⁾ Includes the key management personnel of the Group and their close family members.

⁽²⁾ The amount of € 4.35 million reported for entities controlled by KMP is related to the services agreement with Grivalia Management Company S.A. (note 31).

For the period ended 30 June 2019, there were no material transactions with the HFSF. In addition, as at 30 June 2019 the loans, net of provisions, granted to non consolidated entities controlled by the Bank pursuant to the terms of the relevant share pledge agreements amounted to € 3.2 million (31 December 2018: € 3.3 million).

For the period ended 30 June 2019, a reversal of impairment of € 0.2 million (30 June 2018: an impairment loss of € 15.5 million) has been recorded against loan balances with Group's associates and joint ventures, while the respective impairment allowance amounts to € 0.4 million (31 December 2018: € 0.6 million). In addition, as at 30 June 2019, the fair value adjustment for loans to Group's associates and joint ventures measured at FVTPL amounts to € 17.7 million.

Following the completion of the merger of Eurobank with Grivalia Properties REIC (note 31), Fairfax group holds 33.03% in Eurobank and is expected to have the ability to exercise significant influence over the Bank, subject to the required regulatory approvals in relation to the increase of its shareholding as a result of the merger.

Key management compensation (directors and other key management personnel of the Group)

Key management personnel are entitled to compensation in the form of short-term employee benefits of € 3.24 million (30 June 2018: € 3.22 million) and long-term employee benefits of € 0.49 million (30 June 2018: € 0.46 million). In addition, the Group has formed a defined benefit obligation for the KMP amounting to € 1.63 million as at 30 June 2019 (31 December 2018: € 1.68 million), while the respective cost for the period amounts to € 0.05 million (30 June 2018: € 0.05 million).

Selected Explanatory Notes to the Interim Consolidated Financial Statements

33. Board of Directors

The Board of Directors (BoD) was elected by the Annual General Meeting of the Shareholders of the Bank (AGM) held on 10 July 2018 for a three years term of office that will expire on 10 July 2021, prolonged until the end of the period the AGM for the year 2021 will take place.

Further to that:

- The BoD by its decisions dated 29 March and 1 April 2019, appointed Mr. George Zantias as new non-executive Director and Chairman of the BoD in replacement of the resigned Chairman Mr. N. Karamouzis. The appointment of Mr. George Zantias was announced to the Extraordinary General Meeting of the Shareholders of the Bank (EGM) held on 5 April 2019 and his term of office will expire concurrently with the term of office of the other members of the BoD.
- Following the resignation of Ms. Lucrezia Reichlin, effective as of 1 April 2019, the BoD of the Bank decided on 1 April 2019 not to replace her and the continuation of the management and representation of the Bank by the BoD without her replacement.
- The EGM of the Shareholders of the Bank held on 5 April 2019 approved the appointment of Mr. Nikolaos Bertzos as new independent non-executive member of the Bank's BoD, whose term of office will expire concurrently with the term of office of the other members of the BoD. Same day (5 April 2019), the BoD decided its constitution as a body.
- The BoD by its decision dated 31 July 2019, appointed Mr. Konstantinos Angelopoulos as the new representative of the HFSF to Eurobank's BoD in replacement of the resigned Ms. Aikaterini Beritsi, according to the provisions of Law 3864/2010 and the Relationship Framework Agreement signed between Eurobank and HFSF.

Following the above, the BoD is as follows:

G. Zantias	Chairman, Non-Executive
G. Chrysikos	Vice Chairman, Non-Executive
F. Karavias	Chief Executive Officer
S. Ioannou	Deputy Chief Executive Officer
T. Kalantonis	Deputy Chief Executive Officer
K. Vassiliou	Deputy Chief Executive Officer
B. P. Martin	Non-Executive
N. Bertzos	Non-Executive Independent
R. Boucher	Non-Executive Independent
R. Kakar	Non-Executive Independent
J. Mirza	Non-Executive Independent
G. Myhal	Non-Executive Independent
K. Angelopoulos	Non-Executive (HFSF representative under Law 3864/2010)

Athens, 28 August 2019

Georgios P. Zantias
I.D. No AI - 414343
CHAIRMAN
OF THE BOARD OF DIRECTORS

Fokion C. Karavias
I.D. No AI - 677962
CHIEF EXECUTIVE OFFICER

Harris V. Kokologiannis
I.D. No AN - 582334
GENERAL MANAGER OF GROUP FINANCE
GROUP CHIEF FINANCIAL OFFICER

***V. Independent Auditor's Report on Review of Interim Condensed
Financial Information
(on the Interim Financial Statements of the Bank)***



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Independent Auditor's Report on Review of Interim Condensed Financial Information (Translated from the original in Greek)

To the Shareholders of
Eurobank Ergasias S.A.

Introduction

We have reviewed the accompanying interim balance sheet of Eurobank Ergasias S.A. (the "Bank") as at 30 June 2019 and the related interim statements of Income and Comprehensive Income, Changes in Equity and Cash Flows for the six-month period then ended and the selected explanatory notes, which comprise the interim condensed financial information and which forms an integral part of the six-month financial report of articles 5 and 5a of Law 3556/2007. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with the International Financial Reporting Standards as adopted by the European Union and specifically with International Accounting Standard (IAS) 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 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, as incorporated in Greek Law, 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 interim condensed financial information as at 30 June 2019 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

Athens, 30 August 2019

KPMG Certified Auditors S.A.
A.M. SOEL 114

Harry Sirounis, Certified Auditor Accountant
AM SOEL 19071

***VI. Interim Financial Statements of the Bank
for the six months ended 30 June 2019***



EUROBANK ERGASIAS S.A.

INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

30 JUNE 2019

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General Commercial Registry No: 000223001000

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Interim Balance Sheet

		30 June 2019	31 December 2018
	Note	€ million	€ million
ASSETS			
Cash and balances with central banks		840	397
Due from credit institutions		3,299	3,190
Securities held for trading		32	18
Derivative financial instruments	12	2,359	1,875
Loans and advances to customers	13	28,366	29,354
Investment securities	14	5,802	6,597
Shares in subsidiaries	15	1,897	1,753
Property, plant and equipment	16	604	244
Investment property	16	675	32
Intangible assets	28	359	126
Deferred tax assets	11	4,838	4,903
Other assets	17	1,946	1,766
Assets of disposal groups classified as held for sale	13	1,150	20
Total assets		52,167	50,275
LIABILITIES			
Due to central banks	18	1,250	2,050
Due to credit institutions	19	8,764	9,247
Derivative financial instruments	12	2,733	1,896
Due to customers	20	29,943	29,135
Debt securities in issue	21	2,745	2,697
Other liabilities	22	1,104	872
Total liabilities		46,539	45,897
EQUITY			
Share capital	23	853	656
Share premium	23	8,056	8,056
Reserves and retained earnings		(3,323)	(4,376)
Hybrid Capital	24	42	42
Total equity		5,628	4,378
Total equity and liabilities		52,167	50,275

Notes on pages 6 to 39 form an integral part of these interim financial statements.

Interim Income Statement

	Note	Six months ended 30 June		Three months ended 30 June	
		2019	2018	2019	2018
		€ million	€ million	€ million	€ million
Net Interest income	5	499	533	250	268
Net banking fee and commission income	6	72	77	38	45
Income from non banking services	28	15	3	14	1
Dividend income	7	4	17	4	17
Net trading income/(loss)		(7)	(3)	(6)	(4)
Gains less losses from investment securities	14	40	42	30	21
Other income/(expenses)	11,15	(1)	10	2	10
Operating income		622	679	332	358
Operating expenses	8	(324)	(333)	(162)	(170)
Profit from operations before impairments, provisions and restructuring costs		298	346	170	188
Impairment losses relating to loans and advances to customers	9	(296)	(289)	(150)	(150)
Other impairment losses and provisions	10	(11)	(2)	(7)	(4)
Restructuring costs	10	(61)	(40)	(56)	(7)
Profit/(loss) before tax		(70)	15	(43)	27
Income tax	11	21	(17)	14	(19)
Net profit/(loss)		(49)	(2)	(29)	8

Notes on pages 6 to 39 form an integral part of these interim financial statements.

Interim Statement of Comprehensive Income

	Six months ended 30 June			Three months ended 30 June	
	2019	2018		2019	2018
	€ million	€ million		€ million	€ million
Net profit/(loss)	<u>(49)</u>	<u>(2)</u>		<u>(29)</u>	<u>8</u>
Other comprehensive income:					
Items that are or may be reclassified subsequently to profit or loss:					
Cash flow hedges					
- changes in fair value, net of tax	1	13		1	7
- transfer to net profit, net of tax	<u>(11)</u>	<u>(9)</u>	4	<u>(5)</u>	<u>(5)</u>
					2
Debt securities at FVOCI					
- changes in fair value, net of tax (note 14)	437	(42)		308	15
- transfer to net profit, net of tax	<u>(214)</u>	<u>(45)</u>	(87)	<u>(100)</u>	<u>(26)</u>
					(11)
Other comprehensive income	<u>213</u>	<u>(83)</u>		<u>204</u>	<u>(9)</u>
Total comprehensive income	<u>164</u>	<u>(85)</u>		<u>175</u>	<u>(1)</u>

Notes on pages 6 to 39 form an integral part of these interim financial statements.

Interim Statement of Changes in Equity

	Ordinary share capital € million	Share premium € million	Special reserves € million	Retained earnings € million	Preference shares € million	Hybrid capital € million	Total € million
Balance at 1 January 2018	656	8,056	7,755	(11,018)	950	43	6,442
Impact of adopting IFRS 9 at 1 January 2018	-	-	13	(995)	-	-	(982)
Balance at 1 January 2018, as restated	656	8,056	7,768	(12,013)	950	43	5,460
Net profit/(loss)	-	-	-	(2)	-	-	(2)
Other comprehensive income	-	-	(83)	-	-	-	(83)
Total comprehensive income for the six months ended 30 June 2018	-	-	(83)	(2)	-	-	(85)
Redemption of preference shares	-	-	-	-	(950)	-	(950)
Hybrid capital's dividend paid and buy back, net of tax	-	-	-	(0)	-	(1)	(1)
Merger with a Bank's subsidiary	-	-	1	(2)	-	-	(1)
	-	-	1	(2)	(950)	(1)	(952)
Balance at 30 June 2018	656	8,056	7,686	(12,017)	-	42	4,423
Balance at 1 January 2019	656	8,056	7,608	(11,984)	-	42	4,378
Net profit/(loss)	-	-	-	(49)	-	-	(49)
Other comprehensive income	-	-	213	-	-	-	213
Total comprehensive income for the six months ended 30 June 2019	-	-	213	(49)	-	-	164
Merger with Grivalia Properties REIC (note 28)	197	-	-	890	-	-	1,087
Hybrid capital's dividend paid, net of tax	-	-	-	(1)	-	-	(1)
	197	-	-	889	-	-	1,086
Balance at 30 June 2019	853	8,056	7,821	(11,144)	-	42	5,628
	Note 23	Note 23			Note 21	Note 24	

Notes on pages 6 to 39 form an integral part of these interim financial statements.

Interim Cash Flow Statement

		Six months ended 30 June	
		2019	2018
	Note	€ million	€ million
Cash flows from operating activities			
Profit/(loss) before income tax		(70)	15
Adjustments for :			
Impairment losses relating to loans and advances to customers	9	296	289
Other impairment losses, provisions and restructuring costs	10	72	42
Depreciation and amortisation	8	41	22
Other (income)/losses on investment securities	26	15	(68)
(Income)/losses on debt securities in issue	21	38	36
(Gain)/ loss on sale of subsidiaries, associates and joint ventures	15	(6)	(7)
Dividends from subsidiaries, associates and joint ventures	7	(3)	(16)
Other adjustments		1	(1)
		384	312
Changes in operating assets and liabilities			
Net (increase)/decrease in cash and balances with central banks		(66)	(86)
Net (increase)/decrease in securities held for trading		(13)	(29)
Net (increase)/decrease in due from credit institutions		(102)	45
Net (increase)/decrease in loans and advances to customers		(669)	(132)
Net (increase)/decrease in derivative financial instruments		137	46
Net (increase)/decrease in other assets		(81)	(136)
Net increase/(decrease) in due to central banks and credit institutions		(1,331)	(3,733)
Net increase/(decrease) in due to customers		808	2,173
Net increase/(decrease) in other liabilities		(47)	(69)
		(1,364)	(1,921)
Net cash from/(used in) operating activities		(980)	(1,609)
Cash flows from investing activities			
Acquisition of fixed and intangible assets		(39)	(39)
Proceeds from sale of fixed and intangible assets		-	4
(Purchases)/sales and redemptions of investment securities		1,395	696
Acquisition of subsidiaries, associates, joint ventures and participations in capital increases	15	(4)	(0)
Proceeds from disposal/liquidation of holdings in subsidiaries, associates and joint ventures	15	9	183
Merger with Grivalia	28	1	-
Dividends from investment securities, subsidiaries, associates and joint ventures		4	55
Net cash from/(used in) investing activities		1,366	899
Cash flows from financing activities			
(Repayments)/proceeds from debt securities in issue	21	9	812
Hybrid capital's dividend paid		(2)	(1)
Redemption on preference shares, net of expenses	21	-	(4)
Repayment of lease liabilities		(15)	-
Net cash from/(used in) financing activities		(8)	807
Net increase/(decrease) in cash and cash equivalents		378	97
Cash and cash equivalents at beginning of period	26	490	506
Cash and cash equivalents at end of period	26	868	603

Notes on pages 6 to 39 form an integral part of these interim financial statements.

Selected Explanatory Notes to the Interim Financial Statements

1. General information

Eurobank Ergasias S.A. (the Bank) is active in retail, corporate and private banking, asset management, treasury, capital markets and other services. The Bank is incorporated in Greece and its shares are listed on the Athens Stock Exchange. The Bank operates mainly in Greece and through its subsidiaries in Central and Southeastern Europe.

These interim financial statements were approved by the Board of Directors on 28 August 2019. The Independent Auditor's Report on Review of Interim Financial Information is included in the Section V of the Financial Report for the period ended 30 June 2019.

2. Basis of preparation and principal accounting policies

These interim condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting' as adopted by the European Union (EU). The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements for the year ended 31 December 2018. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period. Except as indicated, financial information presented in euro has been rounded to the nearest million.

The accounting policies and methods of computation in these interim financial statements are consistent with those in the financial statements for the year ended 31 December 2018, except as described below.

Going concern considerations

The interim financial statements have been prepared on a going concern basis, as the Board of the Directors considered as appropriate, taking into consideration the following:

a) The Group operates in an environment of positive growth rates both in Greece and the other countries, in which it has a substantial presence. Specifically, in 2019, real GDP for Greece (Group's main market) is expected to grow by 2.1% according to the July 2019 forecast by European Commission (2018: 1.9%, according to the Hellenic Statistical Authority's (ELSTAT)). Based on ELSTAT and Ministry of Finance data, the unemployment rate in April 2019 was at 17.6% (April 2018: 19.8%) and the 2018 fiscal primary surplus was at 4.3% of GDP. The Stability Programme's fiscal primary surplus forecast for 2019 is at 4.1% of GDP.

Following the successful conclusion of the third economic adjustment program (TEAP) in August 2018, Greece has entered into the Enhanced Surveillance (ES), which foresees quarterly reviews. So far, Greece has completed the first three consecutive reviews, the last of them was completed in early June 2019. The conclusion of the fourth review is expected in mid-September 2019. On 5 April 2019, the Eurogroup endorsed the release of the first set of policy-contingent debt measures of € 970 million. In the first half of 2019, the Greek sovereign established market access with the successful issuance of a 5-year bond of € 2.5 bn at a yield of 3.6% on 29 January 2019, a 10-year bond of € 2.5 bn at a yield of 3.9% on 6 March 2019 and a 7-year bond of € 2.5 bn at a yield of 1.9% on 16 July 2019.

Regarding the outlook for the next 12 months, the major macroeconomic risks and uncertainties in Greece are associated with (i) the adherence to established reforms and the unimpeded implementation of the reforms and privatisations' agenda in order to meet the ES targets and milestones, (ii) the impact on the level of economic activity and on the attraction of direct investments from the fiscal and social security-related measures agreed under the reviews of the TEAP and the ES, (iii) the ability to attract new investments in the country and (iv) the geopolitical and macroeconomic conditions in the near or in broader region, including the impacts of a persistent low/negative rates' environment and the external shocks from a slowdown in the regional and/ or global economy. Materialization of those risks would have potentially adverse effects on the liquidity, solvency and profitability of the Greek banking sector. The Group monitors closely the developments in the Greek and regional macroeconomic environment taking into account its direct and indirect exposure to sovereign risk.

b) The merger with Grivalia completed in May 2019 has further enhanced Eurobank's capital, leading the total CAD and the CET1 ratios to 18.4% and 15.9% (Bank 18.2% and 15.5%) respectively as at 30 June 2019. The Group's net profit attributable to shareholders amounted to € 26 million (€90 million net profit from continuing operations before € 61 million restructuring costs, after tax) for the first half of 2019, while the Bank's after tax result amounted to a loss of € 49 million. Furthermore, the Bank has eliminated the use of ELA as of end January 2019. In the first half of 2019, the Group deposits have been increased by € 2.2 bn (out of which € 1.1 bn is associated with the acquisition of Piraeus Bank Bulgaria) to € 41.3 bn (31 December 2018: € 39.1 bn), improving the Group's (net) loans to deposits (L/D) ratio to 86.5% as at 30 June 2019 (31 December 2018: 92.6%).

Selected Explanatory Notes to the Interim Financial Statements

c) At the end of June 2019, the Bank reached a binding agreement for the sale of 95% of the mezzanine and junior notes of a securitization of a residential mortgage loan portfolio of ca. € 2 bn, gross book value (project Pillar comprising primarily NPEs) which represents the second significant milestone of the Bank's frontloaded plan for derisking its balance sheet (note 13). As at 30 June 2019 and taking into account the above transaction, the Bank NPEs at amortized cost have been reduced to € 12.9 bn, driving the NPE ratio to 36.8% (31 December 2018: 40.8%). Going forward, the Bank is in process of completing the next two steps of its plan, specifically, a) the sale of 20% of the mezzanine and junior notes of a securitization of a mixed assets portfolio of NPEs with a gross book value of ca. € 7.5 bn (Project Cairo) and b) the sale of a majority stake in Financial Planning Services S.A. (FPS), the licensed 100%-owned loan servicer of Eurobank (Project Europe) (note 21).

Going concern assessment

The Board of Directors, taking into account the above factors relating to the adequacy of the Bank's capital and liquidity position as well as the progress that has been made in executing its NPE reduction acceleration plan, has been satisfied that the financial statements of the Bank can be prepared on a going concern basis.

New and amended standards and interpretations adopted by the Bank

The following new standards, amendments to standards and new interpretations as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IC) and endorsed by the European Union (EU), apply from 1 January 2019:

IFRS 9, Amendment—Prepayment Features with Negative Compensation

The amendment changes IFRS 9 requirements in order to allow measurement of a financial asset at amortized cost or at FVOCI, depending on the business model, even in the case of prepayment options which could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). Therefore, these financial assets can now be measured at amortised cost or at FVOCI, regardless of the event or circumstance that caused the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination. Applying IFRS 9 before the amendment would probably result in these financial assets failing the "Solely Payments of Principal and Interest" criterion and thus being measured at FVTPL.

The amendment also confirms the modification accounting of financial liabilities under IFRS 9. Specifically, when a financial liability measured at amortized cost is modified without this resulting in derecognition, a gain or loss, calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, should be recognized in profit or loss.

The adoption of the amendment had no impact on the Bank's interim financial statements.

IFRIC 23, Uncertainty over Income Tax Treatments

The interpretation clarifies the application of the recognition and measurement requirements in IAS 12 'Income Taxes' when there is uncertainty over income tax treatments. In such a circumstance, recognition and measurement of current or deferred tax asset or liability according to IAS 12 is based on taxable profit (tax loss), tax bases, unused tax losses and tax credits and tax rates determined applying IFRIC 23.

According to the interpretation, each uncertain tax treatment is considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty and the entity should assume that a tax authority with the right to examine tax treatments will examine them and will have full knowledge of all relevant information.

If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, it should determine its accounting for income taxes consistently with that tax treatment. If it concludes that it is not probable that the treatment will be accepted, the effect of the uncertainty in its income tax accounting should be reflected in the period in which that determination is made, using the method that best predicts the resolution of the uncertainty (i.e. the single most likely amount, or the expected value method which follows a probability weighted approach).

Judgments and estimates made for the recognition and measurement of the effect of uncertain tax treatments should be reassessed whenever circumstances change or new information that affects those judgments arise (e.g. actions by the tax authority, evidence that it has taken a particular position in connection with a similar item or the expiry of its right to examine a particular tax treatment).

Selected Explanatory Notes to the Interim Financial Statements

IFRS 16, Leases

IFRS 16, which supersedes IAS 17 'Leases' and related interpretations, introduces a single, on-balance sheet lease accounting model for lessees, under which the classification of leases for a lessee, as either operating leases or finance leases, is eliminated and all leases are treated similarly to finance leases under IAS 17.

The definition of a lease under IFRS 16 mainly relates to the concept of control. The new standard distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

IFRS 16 provides for the recognition of a 'right-of-use-asset' and a 'lease liability' upon lease commencement in case that there is a contract, or part of a contract, that conveys to the lessee the right to use an asset for a period of time in exchange for a consideration.

The right-of-use-asset is, initially, measured at cost, consisting of the amount of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee and, subsequently, at cost less accumulated depreciation and impairment. The lease liability is initially recognized at an amount equal to the present value of the lease payments during the lease term that are not yet paid.

Consequently, the typical straight line operating lease expense of operating leases under IAS 17 is replaced by the depreciation charge of the 'right-of-use-asset' and the interest expense on the 'lease liability'. The recognition of assets and liabilities by lessees, as described above, is not required for certain short term leases and leases of low value assets. The accounting treatment for lessors is not substantially affected by the requirements of IFRS 16.

Adoption of IFRS 16

The Bank implemented the requirements of IFRS 16 on 1 January 2019. The Bank has chosen the modified retrospective application of IFRS 16 and therefore comparative information was not restated.

Upon transition, the Bank adopted the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, existing contracts previously classified as service contracts such as ATMs, APSs and printing services were not classified as leases under IFRS 16, while the definition set out in IFRS 16 is applied to all lease contracts entered into or modified on or after 1 January 2019.

In accordance with IFRS 16, at the commencement date of the lease, the Bank as a lessee recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments.

The Bank applied this initial measurement principle to all leases, except for those with a lease term of 12 months or less, and leases of low value (i.e. less than € 5,000) - making use of the relevant short-term leases and leases of low-value assets exemptions. The Bank also adopted the practical expedient not to separate non-lease components from lease components.

In applying the modified retrospective transition approach, the Bank used the following main estimates and judgments:

- In determining the lease term for the leases in which the Bank is the lessee, including those leases having an indefinite duration, all relevant facts and circumstances, such as future housing needs and expected use, were considered and judgment was exercised. Furthermore, options to extend or terminate the lease that are reasonably certain to exercise were considered. These estimates will be revisited on a regular basis over the lease term.
- The present value of the lease liabilities was measured by using the incremental borrowing rate on the transition date, since the interest rate implicit in the leases was not readily determinable. The incremental borrowing rate was derived from the estimated covered bonds yield curve, which is constructed based on observable Greek Government Bond yields. The weighted average discount rate used to determine the lease liabilities was 2.6% and will be recalculated on a regular basis, using updated input.
- Applicable taxes, Value Added Tax and stamp duties were excluded from the scope of IFRS 16 calculations.

On 1 January 2019, the Bank recognised right-of-use assets of € 280 million and lease liabilities of an equivalent amount arising from leases of properties and vehicles, with no impact on shareholders' equity. The capital impact arising primarily from the increase in

Selected Explanatory Notes to the Interim Financial Statements

risk-weighted assets was a reduction of approximately 11 bps on the Bank's common equity Tier I ratio by applying regulatory transitional arrangements (approximately -9 bps on the Bank's CET1 ratio, on a fully loaded basis).

It is noted that € 111 million of the above mentioned right-of-use assets and of the corresponding lease liabilities are related to properties on lease from Grivalia.

Following the merger of Eurobank with Grivalia (note 28), these assets and liabilities have been derecognized in the second quarter of 2019, as the related properties have become own used assets of the combined group.

With regard to subsequent measurement, the Bank, acting as a lessee, applies the cost model for the measurement of right-of-use asset. Accordingly, the right-of-use asset is measured at cost less any accumulated depreciation and accumulated impairment losses as determined in accordance with IAS 36, and is adjusted for the remeasurement of the lease liability.

On the other hand, interest expense is recognized on the lease liabilities, while their carrying amount is reduced to reflect the lease payments made. In case of any reassessments or lease modifications specified, the carrying amount of the lease liabilities is remeasured to reflect revised lease payments. For the period ended 30 June 2019, the depreciation charge for right-of-use assets was € 16 million and the interest expense recognised on lease liabilities was € 2 million.

The following table presents the reconciliation between the operating lease commitments, as disclosed under IAS 17 in the financial statements for the year ended 31 December 2018 and the lease liabilities recognised under IFRS 16:

	€ million
Non-cancellable operating lease rentals payable under IAS 17	107
Plus: Future contractual lease payments (in excess of non-cancellable term)	118
Total future contractual operating lease payments	225
Plus: Re-estimation of lease term ⁽¹⁾	105
Adjusted total operating lease commitments as at 31 December 2018	330
Less: Recognition exemption for short term leases and leases of low value	(3)
Less: Exclusion of Stamp Duty and VAT	(10)
Undiscounted lease liabilities as at 31 December 2018	317
Less: Discounting effect of the lease liabilities using the incremental borrowing rate as at 1 January 2019	(37)
Total lease liabilities recognised as at 1 January 2019 under IFRS 16	280

⁽¹⁾ The re-estimation of total future contractual lease payments includes primarily:

- a) contracts that expire in 2019 but the Bank expects to renew and has reset their term,
- b) contracts with indefinite duration for which the Bank has determined the term that it expects to occupy the leased asset, and
- c) re-assessment of extension and termination options.

There was no impact from the adoption of IFRS 16 for the leases in which the Bank is a lessor.

Update to principal accounting policy – Leases

(i) Accounting for leases as lessee

When the Bank becomes the lessee in a lease arrangement, it recognizes a lease liability and a corresponding right-of-use (RoU) asset at the commencement of the lease term when the Bank acquires control of the physical use of the asset.

Lease liabilities are presented within Other liabilities and RoU assets within Property, plant and equipment. Lease liabilities are measured based on the present value of the future lease payments over the lease term, discounted using an incremental borrowing rate. The interest expense on lease liabilities is presented within Net interest income.

The RoU asset is initially recorded at an amount equal to the lease liability and is adjusted for rent prepayments, initial direct costs, or lease incentives received. Subsequently, the RoU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset, with the depreciation presented within Operating expenses.

When a lease contains extension or termination options that the Bank considers reasonably certain to be exercised, the expected future lease payments or costs of early termination are included within the lease payments used to calculate the lease liability.

Selected Explanatory Notes to the Interim Financial Statements

(ii) Accounting for leases as lessor

At inception date of the lease, the Bank, acting as a lessor, classifies each of its leases as either an operating lease or a finance lease based on certain criteria.

Finance leases

At commencement date, the Bank derecognizes the carrying amount of the underlying assets held under finance lease, recognizes a receivable at an amount equal to the net investment in the lease and recognizes, in profit or loss, any profit or loss from the derecognition of the asset and the recognition of the net investment. The net investment in the lease is calculated as the present value of the future lease payments in the same way as for the lessee.

After commencement date, the Bank recognizes finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The Bank also recognizes income from variable payments that are not included in the net investment in the lease. After lease commencement, the net investment in a lease is not remeasured unless the lease is modified or the lease term is revised.

Operating leases

The Bank continues to recognize the underlying asset and does not recognize a net investment in the lease on the balance sheet or initial profit (if any) on the income statement.

The Bank recognizes lease payments as income on a straight-line basis. Also it recognizes costs, including depreciation, incurred in earning the lease income as an expense. The Bank adds initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognizes those costs as an expense over the lease term on the same basis as the lease income.

Subleases

The Bank, acting as a lessee, may enter into arrangements to sublease a leased asset to a third party while the original lease contract is in effect. The Bank acts as both the lessee and lessor of the same underlying asset. The sublease is a separate lease agreement, in which the intermediate lessor classifies the sublease as a finance lease or an operating lease as follows:

- if the head lease is a short-term lease, the sublease is classified as an operating lease; or
- otherwise, the sublease is classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

IAS 28, Amendment – Long Term Interests in Associates and Joint Ventures

The amendment clarifies that IFRS 9 'Financial Instruments' including its impairment requirements, applies to long term interests in associates or joint ventures that form part of the entity's net investment in the associate or joint venture but are not accounted for using equity accounting.

According to the amendment, an entity should not take into account any adjustments to the carrying amount of long term interests (net investment in the associate or joint venture), resulting from the application of IAS 28 'Investments in Associates and Joint Ventures' when applying IFRS 9.

The adoption of the amendment had no impact on the Bank's interim financial statements.

IAS 19, Amendment – Plan Amendment, Curtailment or Settlement

The amendment clarifies that when a change to a defined benefit plan i.e. an amendment, curtailment or settlement takes place and a remeasurement of the net defined benefit liability or asset is required, the updated actuarial assumptions from the remeasurement should be used to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. Additionally, the amendment includes clarifications about the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The amendment applies prospectively to plan amendments, curtailments or settlements that occur on or after the adoption date 1 January 2019.

The adoption of the amendment had no impact on the Bank's interim financial statements.

Selected Explanatory Notes to the Interim Financial Statements

Annual Improvements to IFRSs 2015-2017 Cycle

The improvements introduce key changes to several standards as set out below:

The amendments to IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangements' clarified how an entity accounts for increasing its interest in a joint operation that meets the definition of a business. Specifically, when an entity obtains control of a business that is a joint operation, then the transaction constitutes a business combination achieved in stages and the acquiring party re-measures the entire previously held interest in the assets and liabilities of the joint operation at fair value. Conversely, if a party obtains joint control, of a business that is a joint operation then the previously held interest is not re-measured.

The improvement to IAS 12 'Income Taxes' clarified that all income tax consequences of dividends, including payments on financial instruments classified as equity, should be recognized in profit or loss, other comprehensive income or equity, according to where the originating transaction or event that generated distributable profits giving rise to the dividend, was recognized.

IAS 23 'Borrowing costs' amendment clarified that any borrowing originally performed to develop a qualifying asset should be treated as part of the funds that the entity borrowed generally, when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The adoption of the amendments had no impact on the Bank's interim financial statements.

3. Significant accounting estimates and judgments in applying accounting policies

In preparing these interim financial statements, the significant estimates, judgments and assumptions made by Management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended 31 December 2018, except for the accounting judgments that relate to the changes in accounting policies described in note 2 as a result of IFRS 16 adoption.

Further information about the key assumptions and sources of estimation uncertainty are set out in notes 11, 13, 15, 22, 25, 27 and 28.

4. Capital Management

The Bank's capital adequacy position is presented in the following table:

	30 June 2019 € million	31 December 2018 € million
Total equity	5,628	4,378
Add: Adjustment due to IFRS 9 transitional arrangements	714	798
Less: Goodwill	(222)	-
Less: Preferred securities	(42)	(42)
Less: Other regulatory adjustments	(508)	(566)
Common Equity Tier 1 Capital	5,570	4,568
Add: Preferred securities subject to phase-out	-	17
Total Tier 1 Capital	5,570	4,585
Tier 2 capital-subordinated debt	950	950
Add: Other regulatory adjustments	25	-
Total Regulatory Capital	6,545	5,535
Risk Weighted Assets	35,886	34,436
Ratios:	%	%
Common Equity Tier 1	15.5	13.3
Tier 1	15.5	13.3
Total Capital Adequacy Ratio	18.2	16.1

Note: The Bank's CET1 as at 30 June 2019, based on the full implementation of the Basel III rules in 2024 (fully loaded CET1), would be 13.5 % (31 December 2018: 10.7%).

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The Bank has sought to maintain an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision (BIS rules/ratios) as adopted by the European Central Bank and the Bank of Greece in supervising the Bank. The capital adequacy framework, as in force, was incorporated in the European Union (EU) legislation through the Directive 2013/36/EU (known as CRD IV), along with the Regulation No 575/2013/EU (known as CRR). Directive 2013/36/EU was transposed into Greek legislation by Law 4261/2014. Supplementary to that, in the context of Internal Capital Adequacy Assessment Process (ICAAP), the Bank considers a broader range of risk types and the Bank's risk management capabilities. ICAAP aims ultimately to ensure that the Bank has sufficient capital to cover all material risks that it is exposed to, over a three-year horizon.

Based on Council Regulation No 1024/2013, the European Central Bank (ECB) conducts annually a Supervisory Review and Evaluation Process (SREP) in order to define the prudential requirements of the institutions under its supervision. The key purpose of the SREP is to ensure that institutions have adequate arrangements, strategies, processes and mechanisms as well as capital and liquidity to ensure a sound management and coverage of their risks, to which they are or might be exposed, including those revealed by stress testing and risks the institution, may pose to the financial system. According to the 2018 SREP decision, starting from 1 March 2019, the Bank is required to meet on an individual basis a Common Equity Tier 1 ratio of at least 10.25% and a Total Capital Adequacy Ratio of at least 13.75% (Overall Capital Requirements including the Capital Conservation Buffer and the Other Systemically Important Institutions Buffer).

5. Net interest income

	30 June 2019 € million	30 June 2018 € million
Interest income		
Customers	543	609
Banks and other assets	28	16
Securities	77	72
Derivatives	209	212
	<u>857</u>	<u>909</u>
Interest expense		
Customers	(67)	(63)
Banks and other liabilities	(43)	(82)
Debt securities in issue	(53)	(36)
Derivatives	(195)	(195)
	<u>(358)</u>	<u>(376)</u>
Total	<u>499</u>	<u>533</u>

6. Net banking fee and commission income

The following tables include net banking fees and commission income from contracts with customers in the scope of IFRS 15, disaggregated by major type of services and operating segments.

	30 June 2019				
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	Other and Elimination center € million
Lending related activities	3	17	0	2	1
Mutual funds and assets under management	6	1	8	0	-
Network activities and other ⁽¹⁾	16	7	0	7	-
Capital markets	-	3	(1)	1	1
Total	<u>25</u>	<u>28</u>	<u>7</u>	<u>10</u>	<u>2</u>

Selected Explanatory Notes to the Interim Financial Statements

	30 June 2018					Total € million
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	Other and Elimination center € million	
Lending related activities	3	21	0	2	1	27
Mutual funds and assets under management	5	1	8	2	-	16
Network activities and other ⁽¹⁾	13	7	0	5	-	25
Capital markets	-	3	(0)	5	1	9
Total	21	32	8	14	2	77

⁽¹⁾ Including income from credit cards related services.

7. Dividend income

During the period ended 30 June 2019, the Bank recognized dividend income amounting to € 4 million (30 June 2018: € 17 million of which € 16 million resulting from its associate Eurolife ERB Insurance Group Holding S.A.).

8. Operating expenses

	30 June 2019 € million	30 June 2018 € million
Staff costs	(183)	(195)
Administrative expenses	(73)	(71)
Contributions to resolution and deposit guarantee funds	(26)	(25)
Depreciation of real estate properties and equipment	(15)	(12)
Depreciation of right of use assets ⁽¹⁾	(16)	-
Amortisation of intangible assets	(10)	(10)
Operating lease rentals ⁽¹⁾	(1)	(20)
Total	(324)	(333)

⁽¹⁾ Following the adoption of IFRS 16 as of 1 January 2019 (note 2).

The average number of employees of the Bank during the period was 8,054 (1st half 2018: 8,214). As at 30 June 2019, the number of branches and business/private banking centers of the Bank amounted to 373.

9. Impairment allowance for loans and advances to customers

The following tables present the movement of the impairment allowance on loans and advances to customers (expected credit losses-ECL):

	30 June 2019			
	12-month ECL Stage 1 € million	Lifetime ECL Stage 2 € million	Lifetime ECL credit-impaired Stage 3 € million	Total € million
Impairment allowance as at 1 January 2019	124	678	7,165	7,967
Transfers between stages	60	30	(90)	-
Impairment loss for the period	(64)	(93)	416	259
Recoveries from written - off loans	-	-	1	1
Loans and advances derecognized/reclassified as held for sale during the period ⁽¹⁾	(1)	(13)	(903)	(917)
Amounts written off	-	-	(286)	(286)
Unwinding of Discount	-	-	(103)	(103)
Foreign exchange and other movements	(0)	-	2	2
Impairment allowance as at 30 June 2019	119	602	6,202	6,923

Selected Explanatory Notes to the Interim Financial Statements

	30 June 2018			
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	Stage 1	Stage 2	credit-impaired Stage 3	
	€ million	€ million	€ million	€ million
Impairment allowance as at 1 January 2018	132	763	9,009	9,904
Transfer of ECL allowance ⁽²⁾	(14)	(6)	(102)	(122)
Transfers between stages	46	59	(105)	-
Impairment loss for the period	(56)	(81)	383	246
Recoveries from written - off loans	-	-	1	1
Amounts written off	-	-	(377)	(377)
Unwinding of Discount	-	-	(131)	(131)
Foreign exchange and other movements	2	2	(4)	0
Impairment allowance as at 30 June 2018	110	737	8,674	9,521

⁽¹⁾ It represents the impairment allowance of loans sold, modified (where the modification resulted in a derecognition) and those that have been reclassified as held for sale (impairment allowance of € 874 million, note 13) during the period.

⁽²⁾ As of 1 January 2018, the impairment allowance for credit related commitments (off balance sheet items) is monitored separately from the impairment allowance on loans and advances to customers and accordingly is presented within other liabilities (note 22).

The impairment losses relating to loans and advances to customers recognized in the Bank's income statement for the period ended 30 June 2019 amounted to € 296 million (30 June 2018: € 289 million) and are analyzed as follows:

	30 June 2019 € million	30 June 2018 € million
Impairment loss on loans and advances to customers	(259)	(246)
Modification loss on loans and advances to customers	(35)	(34)
Impairment (loss)/reversal for credit related commitments	(2)	(9)
Total	(296)	(289)

10. Other impairments, restructuring costs and provisions

	30 June 2019 € million	30 June 2018 € million
Impairment and valuation losses on real estate properties	(4)	(6)
Impairment (losses)/reversal on bonds and placements	(2)	2
Other impairment losses and provisions ⁽¹⁾	(5)	2
Other impairment losses and provisions	(11)	(2)
Voluntary exit schemes and other related costs (note 22)	(55)	(36)
Other restructuring costs	(6)	(4)
Restructuring costs	(61)	(40)
Total	(72)	(42)

⁽¹⁾ Includes impairment losses on other assets and provisions on litigations and other operational risk events.

In the first half of 2019, the Bank recognized restructuring costs amounting to € 6 million mainly related with its transformation plan. In the comparative period, the Bank recognized restructuring costs of € 4 million related with the optimization of its lending operations.

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11. Income tax

	30 June 2019 € million	30 June 2018 € million
Current tax	(1)	(2)
Deferred tax	22	(2)
Tax adjustments	-	(13)
Total tax (charge)/income	21	(17)

For the year 2019, according to Law 4172/2013 currently in force, the nominal Greek corporate tax rate for credit institutions is 29%, while for the other legal entities is 28% (for the year 2018: 29% corporate tax rate for all legal entities). According to article 23 of Law 4579/2018, which was enacted in December 2018 and amended Law 4172/2013, the Greek corporate tax rate for legal entities other than credit institutions will decrease annually by 1% for each of the next four years starting from 2019, resulting to 25% for the year 2022 and onwards. In addition, dividends distributed as of 1 January 2019 other than intragroup dividends, which under certain preconditions are relieved from both income and withholding tax, are subject to 10% withholding tax.

Further to the information provided in note 15 of the Bank's financial statements for the year ended 31 December 2018, law 4605/2019 (article 93) voted on 29 March 2019 provided clarifications regarding the treatment of the Bank's withholding tax amounts under Law 2238/1994 (i.e. € 4 million for the year 2008 and € 46 million for the year 2012) in a manner that safeguards the said tax amounts by providing for their offsetting with the Bank's corporate income tax whenever this becomes due.

Law 4605/2019 further addresses the treatment of tax receivables of Law 4046/2012 (for years 2010, 2011 and 2012), which provides for a five year settlement of tax withheld on interest from GGBs/Tbills/corporate bonds with the Greek State's guarantee against the banks' corporate income tax. Law 4605/2019 clarified that any remaining amounts (i.e. not offsettable withholding taxes within the set five year period) will be then offset against all taxes within ten years in equal installments starting from 1 January 2020. The said Law clarification addresses the treatment of the Bank's receivable of € 13 million arising in 2012 from tax withheld on interest from Greek sovereign bonds, Greek T-bills and corporate bonds with Greek State guarantee.

Tax certificate and open tax years

The Bank has in principle 6 open tax years (i.e. 5 years as from the end of the fiscal year within which the relevant tax return should have been submitted). For the open tax years 2013-2015 the Bank was required to obtain an 'Annual Tax Certificate' pursuant to the Law 4174/2013, which is issued after a tax audit is performed by the same statutory auditor or audit firm that audits the annual financial statements. For fiscal years starting from 1 January 2016 and onwards, the 'Annual Tax Certificate' is optional, however, the Bank will continue to obtain such certificate.

The Bank has obtained by external auditors unqualified tax certificates for the open tax years 2013-2017. For the year ended 31 December 2018, the tax audit from external auditors is in progress. In addition, New TT Hellenic Postbank and New Proton Bank, which were merged with the Bank in 2013, have obtained by external auditors unqualified tax certificates with a matter of emphasis for their unaudited by tax authorities periods/tax years 18/1-30/6/2013 and 9/10/2011-31/12/2012, respectively, with regards to potential tax obligations resulting from their carve out. For both cases the Bank has formed adequate provisions.

In accordance with the Greek tax legislation and the respective Ministerial Decisions issued, additional taxes and penalties may be imposed by the Greek tax authorities following a tax audit within the applicable/mentioned statute of limitations, irrespective of whether an unqualified tax certificate has been obtained from the tax paying company. In light of the above, as a general rule, the right of the Greek State to impose taxes up to tax year 2012 (included) has been time-barred for the Bank at 31 December 2018.

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Deferred taxes

Deferred taxes are calculated on all deductible temporary differences under the liability method as well as for unused tax losses at the rate in effect at the time the reversal is expected to take place.

The movement on deferred tax is as follows:

	30 June 2019 € million
Balance at 1 January	4,903
Income statement credit/(charge)	22
Investment securities at FVOCI	(91)
Cash flow hedges	4
Balance at 30 June	4,838

Deferred tax assets/(liabilities) are attributable to the following items:

	30 June 2019 € million	31 December 2018 € million
Impairment/valuation relating to loans and accounting write-offs	1,465	3,124
PSI+ tax related losses	1,126	1,151
Losses from disposals and crystallized write-offs of loans	2,021	265
Other impairments/valuations through the income statement	244	248
Unused tax losses	-	62
Costs directly attributable to equity transactions	20	23
Cash flow hedges	19	15
Defined benefit obligations	13	12
Real estate properties and equipment	(19)	(15)
Investment securities at FVOCI	(115)	(24)
Other	64	42
Net deferred tax	4,838	4,903

In the second quarter of 2019, the Bank proceeded with the securitization of certain loan portfolios (Project Pillar and Cairo, note 21). Based on the contractual terms of the issued notes, the related impairment losses were considered as crystallized for tax purposes, resulting in the significant increase of the deferred tax on the above presented category "Losses from disposals and crystallised write-offs of loans" against a decrease in the category "Impairment/valuation relating to loans and accounting write-offs".

As at 30 June 2019, the deferred tax on the cumulative Bank's unused tax losses was considered as being non-recoverable due to the securitization of certain loan portfolios for the execution of the acceleration plan for the NPEs reduction and was reversed accordingly.

Deferred income tax (charge)/credit is attributable to the following items:

	30 June 2019 € million	30 June 2018 € million
Impairment/valuation relating to loans, disposals and write-offs	97	24
Unused tax losses	(62)	61
Tax deductible PSI+ losses	(25)	(25)
Change in fair value and other temporary differences	12	(62)
Deferred income tax (charge)/credit	22	(2)

Selected Explanatory Notes to the Interim Financial Statements

As at 30 June 2019, the Bank recognized net deferred tax assets amounting to € 4.8 bn as follows:

- (a) € 1,465 million refer to deductible temporary differences arising from impairment/ valuation relating to loans including the accounting debt write-offs according to the Greek tax law 4172/2013, as in force. These temporary differences can be utilized in future periods with no specified time limit and according to current tax legislation;
- (b) € 1,126 million refer to losses resulted from the Bank's participation in PSI+ and the Greek's state debt buyback program which are subject to amortization (i.e. 1/30 of losses per year starting from year 2012 and onwards) for tax purposes;
- (c) € 2,021 million refer to the unamortized part of the crystallized tax losses arising from write-offs and disposals of loans, which are subject to amortization over a twenty-year period, according to the Greek tax law 4172/2013, as in force;
- (d) € 20 million mainly refer to deductible temporary differences related to the (unamortized for tax purposes) costs directly attributable to Bank's share capital increases, subject to 10 years' amortization according to tax legislation in force at the year they have been incurred; and
- (e) € 206 million refer to other deductible temporary differences (i.e. valuation losses, provisions for pensions and other post-retirement benefits, etc.) the majority of which can be utilized in future periods with no specified time limit and according to the applicable tax legislation.

Assessment of the recoverability of deferred tax assets

The recognition of the above presented deferred tax assets is based on management's assessment, as at 30 June 2019, that the Bank will have sufficient future taxable profits, against which the deductible temporary differences, as well as the losses from PSI+ and the Greek state's debt buyback program can be utilized. The deferred tax assets are determined on the basis of the tax treatment of each deferred tax asset category, as provided by the applicable tax legislation, the eligibility of carried forward losses for offsetting with future taxable profits, the actual tax results for the year ended 31 December 2018 and the extrapolated tax results for the year ended 31 December 2019 using the actual tax results for the period ended 30 June 2019. Additionally, the Bank's assessment on the recoverability of recognized deferred tax assets is based on (a) the future performance expectations (projections of operating results) and growth opportunities relevant for determining the expected future taxable profits, (b) the expected timing of reversal of the deductible and taxable temporary differences, (c) the probability that the Bank will have sufficient taxable profits in the future, in the same period as the reversal of the deductible and taxable temporary differences (i.e. profits/ losses on sale of investments or other assets, etc.) or in the years into which the tax losses can be carried forward, and (d) the historical levels of the Bank's performance in combination with the previous years' tax losses caused by one off or non-recurring events.

For the period ended 30 June 2019, the Bank has conducted a deferred tax asset (DTA) recoverability assessment based on its three-year Business Plan that was approved by the Board of Directors in March 2019 and provided outlook of its profitability and capital position for the period up to the end of 2021, taking into consideration the progress in the implementation of the steps/transactions indicated in the Acceleration Plan. The said Business Plan has also been submitted to the Hellenic Financial Stability Fund (HFSF) and to the Single Supervisory Mechanism (SSM).

For the years beyond 2021, the forecast of operating results was based on the management projections considering the growth opportunities of the Greek economy, the banking sector and the Bank itself.

The level of the abovementioned projections adopted in the Bank's Business Plan is mainly based on assumptions and estimates regarding (a) the further reduction of its funding cost driven by the gradual repatriation of customer deposits replacing more expensive funding sources, (b) the lower loan impairment losses as a result of the gradual improvement of the macroeconomic conditions in Greece and the strategic initiatives for the accelerated reduction of Non-Performing Exposures (NPEs), in line with the NPEs strategy that the Bank has committed to the SSM, (c) the merger with Grivalia Properties R.E.I.C, the acquisition of Piraeus Bank Bulgaria A.D. ('PBB') and the disposal of 80% stake of Financial Planning Services S.A. ('FPS'), (d) the effectiveness of the continuous cost containment initiatives, and (e) the gradual restoration of traditional commission income, such as asset management and network fees and commissions relating with capital markets and investment banking activities.

The implementation of the Bank's Business Plan largely depends on the risks and uncertainties that stem from the macroeconomic environment in Greece (note 2).

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Deferred tax credit against the Greek State and tax regime for loan losses

As at 30 June 2019, pursuant to the Law 4172/2013, as in force, the Bank's eligible DTAs/deferred tax credits (DTCs) against the Greek State amounted to € 3,886 million. The DTCs will be converted into directly enforceable claims (tax credit) against the Greek State provided that the Bank's after tax accounting result for the year is a loss. In particular, DTCs are accounted for on: (a) the losses from the Private Sector Involvement (PSI) and the Greek State Debt Buyback Program and (b) on the sum of (i) the unamortized part of the crystallized loan losses from write-offs and disposals, (ii) the accounting debt write-offs and (iii) the remaining accumulated provisions and other losses in general due to credit risk recorded up to 30 June 2015.

In accordance with the tax regime, in force, the above crystallized tax losses arising from write-offs and disposals on customers' loans are amortised over a twenty-year period, maintaining the DTC status during all this period, while they are disconnected from the accounting write-offs. Accordingly, the recovery of the Bank's deferred tax asset recorded on loans and advances to customers and the regulatory capital structure are safeguarded, contributing substantially to the achievement of the NPEs reduction targets, through the acceleration of write-offs and disposals.

As of May 2017, according to article 82 of Law 4472/2017, which further amended article 27A of Law 4172/2013, an annual fee of 1.5% is imposed on the excess amount of deferred tax assets guaranteed by the Greek State, stemming from the difference between the current tax rate for credit institutions (i.e. 29%) and the tax rate applicable on 30 June 2015 (i.e. 26%). For the period ended 30 June 2019, an amount of € 3.4 million has been recognized in "Other income/(expenses)".

12. Derivative financial instruments

	30 June 2019		31 December 2018	
	Fair values		Fair values	
	Assets	Liabilities	Assets	Liabilities
	€ million	€ million	€ million	€ million
Derivatives for which hedge accounting is not applied/ held for trading	2,328	1,996	1,809	1,390
Derivatives designated as fair value hedges	0	653	1	347
Derivatives designated as cash flow hedges	31	84	65	159
Total derivatives assets/liabilities	2,359	2,733	1,875	1,896

As at 30 June 2019, the derivative assets and liabilities increased by € 484 million and € 837 million, respectively, compared to 31 December 2018, mainly as a result of the downward movement of the euro interest rate curve. On the same date, the carrying value of the derivatives with the Hellenic Republic amounted to € 1,559 million (31 December 2018: € 1,189 million).

13. Loans and advances to customers

	30 June 2019	31 December 2018
	€ million	€ million
Loans and advances to customers at amortised cost		
- Gross carrying amount	35,241	37,275
- Impairment allowance	(6,923)	(7,967)
Carrying Amount	28,318	29,308
Loans and advances to customers at FVTPL	48	46
Total	28,366	29,354

Selected Explanatory Notes to the Interim Financial Statements

The table below presents the carrying amount of loans and advances to customers per business unit and per stage as at 30 June 2019:

	30 June 2019				31 December 2018
	12-month ECL Stage 1 € million	Lifetime ECL Stage 2 € million	Lifetime ECL- credit-impaired Stage 3 € million	Total amount € million	Total amount € million
Loans and advances to customers at amortised cost					
Mortgage lending:					
- Gross carrying amount	5,781	3,139	3,949	12,869	14,895
- Impairment allowance	(33)	(224)	(1,446)	(1,703)	(2,454)
Carrying Amount	5,748	2,915	2,503	11,166	12,441
Consumer lending:					
- Gross carrying amount	1,388	200	1,121	2,709	2,862
- Impairment allowance	(34)	(72)	(876)	(982)	(1,043)
Carrying Amount	1,354	128	245	1,727	1,819
Small Business lending:					
- Gross carrying amount	1,454	1,159	3,323	5,936	5,850
- Impairment allowance	(14)	(199)	(1,509)	(1,722)	(1,742)
Carrying Amount	1,440	960	1,814	4,214	4,108
Wholesale lending:					
- Gross carrying amount	7,636	1,509	4,582	13,727	13,668
- Impairment allowance	(38)	(107)	(2,371)	(2,516)	(2,728)
Carrying Amount	7,598	1,402	2,211	11,211	10,940
Total loans and advances to customers at AC					
- Gross carrying amount	16,259	6,007	12,975	35,241	37,275
- Impairment allowance	(119)	(602)	(6,202)	(6,923)	(7,967)
Carrying Amount	16,140	5,405	6,773	28,318	29,308
Loans and advances to customers at FVTPL					
Carrying Amount				48	46
Total				28,366	29,354

As at 30 June 2019, the Bank's non performing exposures included in loans and advances to customers at amortised cost were reduced to € 12,975 million (31 December 2018: € 15,208 million) driving the Bank NPE ratio to 36.8% (31 December 2018: 40.8%).

Operational targets for Non-Performing Exposures (NPEs)

In March 2019, Eurobank and the other Greek systemic banks responded to the new regulatory framework and SSM requirements for NPEs management and submitted their new NPE Management Strategy for 2019-21, along with NPE Stock Annual Targets at both bank and, for the first time, group level. Specifically for Eurobank, the new submission has taken into account the NPE reduction acceleration plan that was announced in the context of its transformation plan and aims to achieve a Group NPE ratio of ca. 16% in 2019 and a single digit by 2021.

Furthermore, in March 2019, a new protection scheme on primary residence was voted by the Greek Parliament, which is expected to bolster the Banks' efforts to reduce NPEs through a more effective mechanism to work out troubled loans, a restriction of strategic defaulters and, ultimately, an improvement in payment discipline.

Loans classified as held for sale

In June 2019, the Bank announced that it has entered into a binding agreement with an international investor for the sale of 95% of the mezzanine and junior notes of a securitization of a residential mortgage loan portfolio of ca. € 2 bn gross book value (Project Pillar comprising primarily NPEs). Eurobank shall retain 100% of the senior notes, as well as 5% of the mezzanine and junior notes. Upon closing of the transaction and as a result of the notes' disposal, the Bank will transfer substantially all risks and rewards of ownership and will derecognize the loan portfolio. Consequently, as at 30 June 2019, the portfolio comprising loans with gross carrying amount of € 1,987 million, which carried an impairment allowance of € 845 million, has been classified as held for sale. The net carrying amount of the loan portfolio amounting to € 1,142 million corresponds to its implied valuation based on the nominal value of the

Selected Explanatory Notes to the Interim Financial Statements

senior notes and the sale price of the mezzanine notes according to the terms of the above agreement. The closing of the transaction is subject to SSM approval, and is expected to occur within the third quarter of 2019.

Additionally, during the second quarter of 2019, the Bank received a binding offer for the disposal of non-performing corporate loans. Accordingly, loans with gross carrying amount of € 37 million, which carried an impairment allowance of € 29 million, were classified as held for sale, as their sale was considered highly probable.

14. Investment securities

	30 June 2019 € million	31 December 2018 € million
Investment securities at FVOCI	4,741	5,578
Investment securities at amortized cost	979	941
Investment securities at FVTPL	82	78
Total	5,802	6,597

The tables below disclose the carrying amount and the exposure to credit risk of investment securities:

	30 June 2019		
	12-month ECL Stage 1 € million	Lifetime ECL Stage 2 € million	Total € million
Investment securities at amortised cost			
- Gross carrying amount	226	789	1,015
- Impairment allowance	(1)	(35)	(36)
Carrying Amount	225	754	979
Investment securities at FVOCI			
Carrying Amount	4,741	-	4,741
Total	4,966	754	5,720
Investment securities at FVTPL			
Carrying amount			82
Total Investment securities			5,802

	31 December 2018		
	12-month ECL Stage 1 € million	Lifetime ECL Stage 2 € million	Total € million
Investment securities at amortised cost			
- Gross carrying amount	217	754	971
- Impairment allowance	(2)	(28)	(30)
Carrying Amount	215	726	941
Investment securities at FVOCI			
Carrying Amount	5,557	21	5,578
Total	5,772	747	6,519
Investment securities at FVTPL			
Carrying amount			78
Total Investment securities			6,597

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The investment securities per category are analyzed as follows:

	30 June 2019			Total € million
	Investment securities at FVOCI € million	Investment securities at amortised cost € million	Investment securities at FVTPL € million	
Debt securities				
- Greek government bonds	2,787	979	-	3,766
- Other government bonds	1,403	-	-	1,403
- Other issuers	551	0	4	555
	4,741	979	4	5,724
Equity securities	-	-	78	78
Total	4,741	979	82	5,802
	31 December 2018			Total € million
	Investment securities at FVOCI € million	Investment securities at amortised cost € million	Investment securities at FVTPL € million	
Debt securities				
- Greek government bonds ⁽¹⁾	2,229	940	-	3,169
- Other government bonds	2,790	-	-	2,790
- Other issuers	559	1	4	564
	5,578	941	4	6,523
Equity securities	-	-	74	74
Total	5,578	941	78	6,597

⁽¹⁾ As at 31 December 2018, it includes Greek government treasury bills of € 0.1 million.

During the period ended 30 June 2019, the Bank recognized € 40 million gains presented in line 'Gains less losses from investment securities', of which € 33 million resulted from debt securities at FVOCI sale transactions and € 7 million mainly from equity instruments disposals. In the comparative period, the Bank had recognized € 42 million gains, mainly as a result of debt securities at FVOCI sale transactions.

In the first half of 2019, the improvement of the credit spreads of the Hellenic Republic debt, resulted in the increase of the fair value of Greek Government Bonds classified at FVOCI.

15. Shares in subsidiaries

Bancpost S.A. and ERB Leasing IFN S.A., Romania

In September 2017, the sale of Bancpost S.A., ERB Retail Services IFN S.A. and ERB Leasing IFN S.A. in Romania (Romanian disposal group) was considered highly probable, therefore, as of 30 September 2017 the Bank's direct holdings in Bancpost S.A. and ERB Leasing IFN S.A. were classified as held for sale.

On 3 April 2018, Eurobank Group (the Seller) and Banca Transilvania (BT) (the Purchaser), in line with their pre-sale agreement in November 2017, concluded all the remaining actions and fulfilled all the conditions precedent for the completion of the transfer of the shares held by the Bank in the above companies to BT.

The resulting loss of € 28 million has been recognized in "Other income/(expenses)" until the year ended 31 December 2018 (of which € 4 million gain has been recognised in the period ended 30 June 2018).

According to the relevant Sale Purchase Agreement (SPA), there are specific indemnity clauses based on which the Purchaser could claim specific amounts, subject to certain limitations on total claims.

Selected Explanatory Notes to the Interim Financial Statements

Tax audit

According to the tax audit assessment communicated to Bancpost S.A. within July 2018, following the completion of the tax audit for the years 2011-2015, the additional taxes to be paid amounted in total to € 40 million, approximately.

The Group is in close cooperation with BT, which is in the process of challenging the tax audit assessment in courts.

In respect of the above, in the first half of 2019, the Bank has recognized an additional provision of € 5 million (€ 3.6 million after tax), while the accumulated provisions, which have been recognized up to 30 June 2019 amounted to € 20 million.

Romanian National Authority for Consumer Protection (ANPC)

In addition in the second half of 2018, the Romanian National Authority for Consumer Protection (ANPC) imposed three fines totaling € 72 thousand on Bancpost S.A. in connection with complaints raised by certain Bancpost S.A. lending clients, related to portfolios of performing loans which were assigned by Bancpost S.A. to ERB New Europe Funding II (an entity in the Netherlands controlled by Eurobank) in 2008.

In the first half of 2019, the first instance court admitted BT's complaints (as legal successor to Bancpost S.A.) against ANPC in all three aforementioned cases, ruling that the relevant penalties imposed on Bancpost S.A. are cancelled. ANPC already appealed against the first instance rulings in two of the cases and it is expected ANPC will appeal against the first instance ruling also in the third case.

Further information in relation to the sale of Bancpost S.A. and ERB Leasing IFN S.A. is provided in note 25 of the financial statements for the year ended 31 December 2018.

Eurobank Property Services S.A., Greece

In January 2019, the Bank and Cerved Credit Management Group S.r.l. (Cerved) signed a binding agreement in the context of which Cerved would acquire the entire share capital of Eurobank Property Services S.A. in Greece (EPS) and its subsidiaries Eurobank Property Services S.A. in Romania and ERB Property Services d.o.o. Beograd in Serbia from Eurobank. EPS Greece has also been appointed as real estate servicer for Eurobank for the next five years with respect to all real estate valuation activities and other services. The transaction was completed in April 2019 via the acquisition from Cerved, for a consideration of € 8 million, of the entire share capital of EPS with a resulting gain of € 6.4 million recognized in "other income/expenses". Further consideration of up to € 5 million in the form of earn – out will be due upon reaching certain economic results and conditions in the timeframe until 2023. The transaction was in line with the Bank's strategy to focus on its core operations, adopting an outsourcing business model in relation to real estate services.

Modern Hoteling, Greece

In February 2019, the Bank signed a pre- agreement with third party for the disposal of its participation (100%) in Modern Hoteling. Based on the above agreement, a share capital increase took place in March 2019, which was covered by the purchaser in order for the company's debt to be fully repaid to the Bank. Upon completion of the share capital increase, the Bank's participation in the company decreased to 41% and based on the relevant share purchase agreement signed in the same month, the disposal of the company was completed, with a resulting gain of € 2.1 million recognized in "other income/expenses".

Acquisition of Piraeus Bank Bulgaria A.D. and Piraeus Insurance Brokerage EOOD, Bulgaria

On 7 November 2018, the Bank announced that it had concluded an agreement with Piraeus Bank S.A. for the acquisition of Piraeus Bank Bulgaria A.D. ("PBB"), a subsidiary of Piraeus Bank, by Eurobank's subsidiary in Bulgaria, Eurobank Bulgaria A.D. ("Postbank") (the "Transaction"). In June 2019, the Transaction was completed, after all necessary approvals from the competent authorities were obtained and the Bank's subsidiary Postbank acquired 99.98% of the shares and voting rights of PBB and consequently indirect holding participation of 99.98% in its 100% subsidiary Piraeus Insurance Brokerage EOOD. Further information about the Transaction is provided in note 31 of the consolidated financial statements for the period ended 30 June 2019.

Selected Explanatory Notes to the Interim Financial Statements

Grivalia Properties REIC S.A., subsidiaries

On 5 April 2019, the General Meetings of the Shareholders of Eurobank and Grivalia Properties REIC approved the merger of the two companies. As of that date, the Bank also obtained control of Grivalia subsidiaries as follows:

- Cloud Hellas Ktimatiki S.A., Greece – 100%
- Staynia Holdings Ltd, Cyprus – 100%
- Grivalia New Europe S.A., Luxembourg – 100%
- Reco Real Property A.D. Beograd, Serbia – 100%
- Eliade Tower S.A., Romania – 99.99%
- Retail Development S.A., Romania – 99.99%
- Seferco Development S.A., Romania – 99.99%
- Piraeus Port Plaza 1 Development S.A., Greece – 51.96%

Further information in relation to the merger of the two companies is provided in note 28.

In the first half of 2019, in the context of the management of the Bank's non performing exposures (NPEs), the following wholly owned subsidiaries were established:

- **Special purpose financing vehicles for the securitization of Bank loans and related real estate companies**

- Cairo No. 1 Finance Designated Activity Company, Cairo No. 2 Finance Designated Activity Company, Cairo No. 3 Finance Designated Activity Company and Pillar Finance Designated Activity Company, Ireland (note 21).

- Cairo Estate I Single Member S.A., Cairo Estate II Single Member S.A., Cairo Estate III Single Member S.A., Pillar Estate Single Member S.A. and Real Estate Management Single Member S.A., Greece

- **Anchor Hellenic Investment Holding Single Member S.A., real estate company, Greece**

Post balance sheet events

In July 2019, in the context of the management of its non performing exposures (NPEs), the Bank: (i) established the wholly owned subsidiaries Vouliagmeni Residence Single Member S.A. and Athinaiki Estate Investments Single Member S.A. in Greece and (ii) acquired 100% of the shares and voting rights of Rhodes Marines S.A., through its subsidiary Anchor Hellenic Investment Holding Single Member S.A.

16. Property, plant and equipment and Investment property

The carrying amounts of property, plant and equipment and investment property are analyzed as follows:

	30 June 2019 € million	31 December 2018 € million
Land, buildings, leasehold improvements ⁽²⁾	381	182
Furniture, equipment, motor vehicles	19	17
Computer hardware, software	47	45
Right of use of assets ⁽¹⁾	157	-
Total property, plant and equipment	604	244
Investment property ⁽²⁾	675	32
Total	1,279	276

⁽¹⁾ Following the adoption of IFRS 16 as of 1 January 2019 (note 2). The respective lease liabilities are presented in "other liabilities" (note 22).

⁽²⁾ The increase is mainly related to the merger with Grivalia Properties REIC (note 28).

Selected Explanatory Notes to the Interim Financial Statements

The movement of investment property is as follows:

	30 June 2019 € million
Cost:	
Balance at 1 January	41
Merger with Grivalia (note 28)	645
Balance at 30 June	686
Accumulated depreciation:	
Balance at 1 January	(9)
Charge for the year	(2)
Balance at 30 June	(11)
Net book value at 30 June	675

17. Other assets

	30 June 2019 € million	31 December 2018 € million
Receivable from Deposit Guarantee and Investment Fund	708	707
Reposessed properties and relative prepayments	477	437
Pledged amount for a Greek sovereign risk financial guarantee	239	240
Balances under settlement ⁽²⁾	89	108
Prepaid expenses and accrued income	95	70
Income tax receivable ⁽¹⁾	53	46
Other guarantees	58	44
Investments in associates and joint ventures	98	37
Other assets	129	77
Total	1,946	1,766

⁽¹⁾ Includes withholding taxes, net of provisions.

⁽²⁾ Includes settlement balances with customers and balances under settlement relating to the auction process.

As at 30 June 2019, other assets net of provisions, amounting to € 129 million, include, among others, receivables related to (a) prepayments to suppliers, (b) public entities, (c) property management activities and (d) legal cases.

Selected Explanatory Notes to the Interim Financial Statements

The following is the listing of the Bank's associates and joint ventures as at 30 June 2019:

<u>Name</u>	<u>Note</u>	<u>Country of incorporation</u>	<u>Line of business</u>	<u>Percentage Holding</u>
Femion Ltd		Cyprus	Special purpose investment vehicle	66.45
Tefin S.A. ⁽¹⁾		Greece	Dealership of vehicles and machinery	50.00
Sinda Enterprises Company Ltd		Cyprus	Special purpose investment vehicle	48.00
Alpha Investment Property Kefalariou S.A.		Greece	Real estate	41.67
Global Finance S.A. ⁽²⁾		Greece	Investment financing	9.91
Famar S.A. ⁽¹⁾		Luxembourg	Holding company	23.55
Odyssey GP S.a.r.l.		Luxembourg	Special purpose investment vehicle	20.00
Eurolife ERB Insurance Group Holdings S.A. ⁽²⁾		Greece	Holding company	20.00
Alpha Investment Property Commercial Stores S.A.		Greece	Real estate	30.00
Peirga Kythnou P.C.	a	Greece	Real estate	50.00
Piraeus Port Plaza 2	c	Greece	Real estate	49.00
Piraeus Port Plaza 3	c	Greece	Real estate	49.00
Value Touristiki S.A.	c	Greece	Real estate	49.00
Grivalia Hospitality S.A. ⁽³⁾	c	Luxembourg	Real estate	25.00

⁽¹⁾ Entities under liquidation at 30 June 2019.

⁽²⁾ Eurolife Insurance group (Eurolife ERB Insurance Group Holdings S.A. and its subsidiaries) and Global Finance group (Global Finance S.A. and its subsidiaries) are considered as Bank's associates.

⁽³⁾ Grivalia Hospitality group (Grivalia Hospitality S.A. and its subsidiaries) is considered as Bank's joint venture.

(a) Peirga Kythnou P.C., Greece

In February 2019, in the context of a debt restructuring, Eurobank and Piraeus Bank S.A. established Peirga Kythnou S.A., to operate as a real estate company in Greece. Based on the contractual terms of the shareholders' agreements and the substance of the arrangement, Peirga Kythnou S.A. will be accounted as a joint venture of the Bank.

(b) Unisoft S.A., Greece

In March 2019, the Bank increased its participation in Unisoft S.A from 18.02% to 29.06%, as a result of the share capital increase performed in the context of the company's debt restructuring scheme. In April 2019, an agreement was signed for the disposal of the entire share capital of Unisoft S.A., for a consideration of € 0.8 million.

(c) Grivalia Properties REIC S.A., joint ventures

On 5 April 2019, the General Meetings of the Shareholders of Eurobank and Grivalia Properties REIC approved the merger of the two companies. As of that date, the Bank also obtained control of Grivalia group and consequently joint control to its joint ventures. Further information in relation to the merger of the two companies is provided in note 28.

18. Due to central banks

	30 June 2019 € million	31 December 2018 € million
Secured borrowing from ECB and BoG	1,250	2,050

As at 30 June 2019, the dependency on Eurosystem financing facilities decreased to € 1.3 bn, mainly due to deposits inflows (31 December 2018: € 2.1 bn, of which € 0.5 bn funding from ELA). The Bank has eliminated the use of ELA since the end of January 2019.

Selected Explanatory Notes to the Interim Financial Statements
19. Due to credit institutions

	30 June 2019 € million	31 December 2018 € million
Secured borrowing from credit institutions	7,205	7,909
Borrowings from international financial and similar institutions	479	429
Interbank takings	959	789
Current accounts and settlement balances with banks	121	120
Total	8,764	9,247

As at 30 June 2019, secured borrowing from credit institutions refers mainly to transactions with foreign institutions, which were conducted with collaterals Greek and other government securities and covered bonds issued by the Bank (notes 14 and 21). As at 30 June 2019, borrowings from international financial and similar institutions include borrowings from European Investment Bank and other similar institutions.

20. Due to customers

	30 June 2019 € million	31 December 2018 € million
Savings and current accounts	17,035	16,187
Term deposits	12,738	12,778
Repurchase agreements	170	170
Total	29,943	29,135

21. Debt securities in issue

	30 June 2019 € million	31 December 2018 € million
Securitisations	1,261	1,245
Subordinated notes (Tier 2)	977	947
Covered bonds	507	499
Medium-term notes (EMTN)	-	6
Total	2,745	2,697

Securitisations

In the first quarter of 2019, the Bank, through its special purpose financing vehicle Maximus Hellas DAC, proceeded with the upsize of the asset backed securities issue to a total face value of € 1,338 million, of which € 910 million Class A notes were held by an international institutional investor, while € 428 million Class B notes were held by the Bank. As at 30 June 2019, following their partial redemption, the carrying value of Class A notes amounted to € 805 million (31 December 2018: € 654 million).

In addition for the period ended 30 June 2019, following their partial redemption, the carrying value of the asset backed securities issued by the Bank's special purpose financing vehicle Astarti DAC, held by an institutional investor (Class A notes), amounted to € 456 million (31 December 2018: € 591 million).

In June 2019, the Bank through its special purpose financing vehicle Pillar Finance Designated Activity Company, issued asset backed securities of total face value of ca. € 2 bn (of which € 1,044 million senior, € 310 million mezzanine and € 645 million junior notes), collateralized by a portfolio of primarily non performing residential mortgage loans (Project Pillar), which have been fully retained by the Bank. In the same month, the Bank announced that it has signed a binding agreement with Celidoria S.A R.L, an entity ultimately

Selected Explanatory Notes to the Interim Financial Statements

owned by funds whose investment manager is the global investment management firm Pimco, for the sale of 95% of the mezzanine and junior notes of the abovementioned securitization (note 13).

Furthermore, in June 2019, the Bank through its special purpose financing vehicles Cairo No. 1 Finance Designated Activity Company, Cairo No. 2 Finance Designated Activity Company and Cairo No. 3 Finance Designated Activity Company, issued asset backed securities of total face value of ca. € 7.5 bn, collateralized by a mixed assets portfolio of NPEs, which have been fully retained by the Bank. In the same month, the Bank and Bravo Strategies III LLC, an affiliate of Celidoria, agreed to enter into exclusive negotiations for the sale of 20% of the mezzanine and junior notes of the abovementioned securitization (Project Cairo) and the sale of a majority stake in the Bank's subsidiary Financial Planning Services S.A. (Project Europe). The parties intend to conclude the agreement within the third quarter of 2019.

Tier 2 Capital instruments

In January 2018, the Bank issued Tier 2 capital instruments of face value of € 950 million, in replacement of the preference shares which had been issued in the context of the first stream of Hellenic Republic's plan to support liquidity in the Greek economy under Law 3723/2008. The aforementioned instruments, which have a maturity of ten years (until 17 January 2028) and pay fixed nominal interest rate of 6.41% (recognized in the income statement), that shall be payable semi-annually, as at 30 June 2019, amounted to € 977 million, including € 4 million unamortized issuance costs and € 31 million accrued interest.

Covered bonds

During the period ended 30 June 2019, the Bank proceeded with the partial cancellation of covered bonds of face value of € 150 million, previously retained by the Bank.

Financial disclosures required by the Act 2620/28.08.2009 of the Bank of Greece in relation to the covered bonds issued, are available at the Bank's website (Investor Report for Covered Bonds Programs).

Medium-term notes (EMTN)

In the first quarter of 2019, medium term notes of face value of € 7 million, issued by the Bank and held by a Bank's subsidiary, ERB Hellas (Cayman Islands) Ltd, matured.

22. Other liabilities

	30 June 2019 € million	31 December 2018 € million
Lease liabilities ⁽¹⁾	158	-
Balances under settlement ⁽²⁾	168	151
Other provisions	128	122
Deferred income and accrued expenses	110	62
Standard legal staff retirement indemnity obligations	44	43
Employee termination benefits ⁽³⁾	47	8
ECL allowance for credit related commitments	294	305
Sovereign risk financial guarantee	42	43
Other liabilities	113	138
Total	1,104	872

⁽¹⁾ Following the adoption of IFRS 16 as of 1 January 2019 (note 2).

⁽²⁾ Includes settlement balances relating to bank cheques and remittances, credit card transactions and other banking activities.

⁽³⁾ For the year ended 31 December 2018, obligations for employee termination benefits arising from VES were presented within other provisions.

As at 30 June 2019, other liabilities amounting to € 113 million mainly consist of payables relating with (a) suppliers and creditors, (b) contributions to insurance organizations, (c) duties and other taxes and (d) trading liabilities.

As at 30 June 2019, other provisions amounting to € 128 million (31 December 2018: € 122 million) mainly include: € 49 million for outstanding litigations and claims in dispute (note 27), (b) € 44 million for other operational risk events, of which € 36 million relates

Selected Explanatory Notes to the Interim Financial Statements

to the sale of Romania disposal group and (c) € 34 million for the participation in share capital increases of Bank's subsidiaries with negative net assets value, which are necessary for the continuity of their operations.

For the period ended 30 June 2019, an amount of € 42 million has been recognised in the Bank's income statement for employee termination benefits in respect of the Voluntary Exit Scheme (VES) launched by the Bank in May 2019. The new VES has been offered to employees over an age limit as well as to employees of specific eligible Bank units independent of age and will be implemented through either lump-sum payments or long term leaves during which the employees will be receiving a percentage of a monthly salary, or a combination thereof.

In respect of the Voluntary Exit Scheme (VES) that was initiated during the previous years, the Bank recognised an additional cost of € 10 million in the first half of 2019. Further information is provided in note 34 of the financial statements for the year ended 31 December 2018.

23. Share capital and share premium

As at 30 June 2019, the par value of the Bank's shares is € 0.23 per share (31 December 2018: € 0.30). All shares are fully paid. The movement of share capital, share premium and number of shares is as follows:

	Share capital € million	Share premium € million	Number of issued shares
Balance at 1 January	656	8,056	2,185,998,765
Share capital increase, following the merger with Grivalia Properties REIC	197	-	1,523,163,087
Balance at 30 June	853	8,056	3,709,161,852

On 5 April 2019, the Extraordinary General Meeting of the Bank's Shareholders approved the merger of the Bank with Grivalia Properties REIC (note 28) by absorption of the latter by the former and resolved the increase of the share capital of the Bank by:

- € 165 million, which corresponds to the share capital of Grivalia Properties REIC; and
- € 32 million, derived from taxed profits for rounding reasons of the nominal value of the new common share of the Bank, which is amended from € 0.30 to € 0.23.

Following the above increases, the Bank's total share capital amounts to € 853 million divided into 3,709,161,852 common voting shares of nominal value of € 0.23 each.

Treasury shares

According to paragraph 1 of Article 16c of Law 3864/2010, during the period of the participation of the HFSF in the share capital of the Bank it is not permitted to the Bank to purchase treasury shares without the approval of the HFSF.

24. Hybrid capital

The movement of hybrid capital issued by the Bank, in the form of preferred securities, through its Special Purpose Entity, ERB Hellas Funding Limited, as at 30 June 2019 is analyzed as follows:

	Series A € million	Series B € million	Series C € million	Series D € million	Total € million
Balance at 30 June	2	4	17	19	42

All obligations of the issuer, in respect of the aforementioned issues of preferred securities, are guaranteed on a subordinated basis by the Bank. The analytical terms of each issue along with the rates and/or the basis of calculation of preferred dividends are available at the Bank's website. Following the redemption of the Greek State – owned preference shares (note 21) on 17 January 2018, and in accordance with the terms of the preferred securities, ERB Hellas Funding Ltd declared and paid the non-cumulative dividends of € 1.4 million (€ 1.2 million after tax) in total on the Series A, B, C and D. As at 30 June 2019, the dividend attributable to preferred securities holders amounted to € 1.4 million (€ 1.2 million, after tax).

Selected Explanatory Notes to the Interim Financial Statements

Post balance sheet events

ERB Hellas Funding proceeded with the payment of non-cumulative dividends of € 0.7 million in total on series C, D and B on 9 July, 29 July and 2 August 2019, respectively.

In April 2019, the Board of Directors of ERB Hellas Funding decided to proceed with the redemption of all four series of the preferred securities issued. The relevant regulatory announcement of its intention was released on 23 April 2019. Accordingly, on 29 May and 21 June 2019, a notice for the redemption of series C and B preferred securities was given to the holders and the notes were redeemed on 9 July and 2 August 2019 respectively. Pursuant to the terms of each issue, the next available call dates for the redemption of series D and A preferred securities are 29 October 2019 and 18 March 2020, respectively.

25. Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price). When a quoted price for an identical asset or liability is not observable, fair value is measured using another valuation technique that is appropriate in the circumstances, and maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Observable inputs are developed using market data, such as publicly available information about actual events or transactions, and reflect assumptions that market participants would use when pricing financial instruments, such as quoted prices in active markets for similar instruments, interest rates and yield curves, implied volatilities and credit spreads.

The Bank's financial instruments measured at fair value or at amortized cost for which fair value is disclosed are categorized into the three levels of the fair value hierarchy based on whether the inputs to the fair values are observable or unobservable, as follows:

- (a) Level 1-Financial instruments measured based on quoted prices (unadjusted) in active markets for identical financial instruments that the Bank can access at the measurement date. A market is considered active when quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and represent actually and regularly occurring transactions. Level 1 financial instruments include actively quoted debt instruments held or issued by the Bank, equity and derivative instruments traded on exchanges, as well as mutual funds that have regularly and frequently published quotes.
- (b) Level 2-Financial instruments measured using valuation techniques with inputs, other than level 1 quoted prices, that are observable either directly or indirectly, such as: i) quoted prices for similar financial instruments in active markets, ii) quoted prices for identical or similar financial instruments in markets that are not active, iii) inputs other than quoted prices that are directly or indirectly observable, mainly interest rates and yield curves observable at commonly quoted intervals, forward exchange rates, equity prices, credit spreads and implied volatilities obtained from internationally recognized market data providers and iv) other unobservable inputs which are insignificant to the entire fair value measurement. Level 2 financial instruments include over-the-counter (OTC) derivatives, less liquid debt instruments held or issued by the Bank and equity instruments.
- (c) Level 3-Financial instruments measured using valuation techniques with significant unobservable inputs. When developing unobservable inputs, best information available is used, including own data, while at the same time market participants' assumptions are reflected (e.g. assumptions about risk). Level 3 financial instruments include unquoted equities or equities traded in markets that are not considered active, certain OTC derivatives, loans and advances to customers and asset backed securities issued by the Bank's special purpose entities.

Selected Explanatory Notes to the Interim Financial Statements

Financial instruments measured at fair value

The fair value hierarchy categorization of the Bank's financial assets and liabilities measured at fair value is presented in the following tables:

30 June 2019				
	Level 1	Level 2	Level 3	Total
	€ million	€ million	€ million	€ million
Securities held for trading	32	-	-	32
Investment securities at FVTPL	16	12	54	82
Derivative financial instruments	0	2,359	0	2,359
Investment securities at FVOCI	4,668	73	-	4,741
Loans and advances to customers mandatorily at FVTPL	-	-	48	48
Financial assets measured at fair value	4,716	2,444	102	7,262
Derivative financial instruments	0	2,733	-	2,733
Trading liabilities	7	-	-	7
Financial liabilities measured at fair value	7	2,733	-	2,740

31 December 2018				
	Level 1	Level 2	Level 3	Total
	€ million	€ million	€ million	€ million
Securities held for trading	18	0	-	18
Investment securities at FVTPL	20	6	52	78
Derivative financial instruments	0	1,874	1	1,875
Investment securities at FVOCI	5,493	85	-	5,578
Loans and advances to customers mandatorily at FVTPL	-	-	46	46
Financial assets measured at fair value	5,531	1,965	99	7,595
Derivative financial instruments	0	1,896	-	1,896
Trading liabilities	4	-	-	4
Financial liabilities measured at fair value	4	1,896	-	1,900

The Bank recognizes transfers into and out of the fair value hierarchy levels at the beginning of the quarter in which a financial instrument's transfer was effected. There were no material transfers between levels during the first half of 2019.

Reconciliation of Level 3 fair value measurements

	30 June 2019 € million
Balance at 1 January	99
Additions, net of disposals and redemptions	8
Total gain/(loss) for the period included in profit or loss	(4)
Foreign exchange differences and other	(1)
Balance at 30 June	102

Bank's valuation processes and techniques

The Bank's processes and procedures governing the fair valuations are established by the Group Market Counterparty Risk Sector in line with the Bank's accounting policies. The Bank uses widely recognized valuation models for determining the fair value of common financial instruments that are not quoted in an active market, such as interest and cross currency swaps, that use only observable market data and require little management estimation and judgment. Specifically, observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded and simple over-the-counter derivatives. Availability of

Selected Explanatory Notes to the Interim Financial Statements

observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values.

Where valuation techniques are used to determine the fair values of financial instruments that are not quoted in an active market, they are validated against historical data and, where possible, against current or recent observed transactions in different instruments, and periodically reviewed by qualified personnel independent of the personnel that created them. All models are certified before they are used and models are calibrated to ensure that outputs reflect actual data and comparative market prices. Fair values' estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that market participants would take them into account in pricing the instrument. Fair values also reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Bank and the counterparty, where appropriate.

Valuation controls applied by the Bank may include verification of observable pricing, re-performance of model valuations, review and approval process for new models and/or changes to models, calibration and back-testing against observable market transactions, where available, analysis of significant valuation movements, etc. Where third parties' valuations are used for fair value measurement, these are reviewed in order to ensure compliance with the requirements of IFRS 13.

OTC derivative financial instruments are fair valued by discounting expected cash flows using market interest rates at the measurement date. Counterparty credit risk adjustments and own credit risk adjustments are applied to OTC derivatives, where appropriate. Bilateral credit risk adjustments consider the expected cash flows between the Bank and its counterparties under the relevant terms of the derivative instruments and the effect of the credit risk on the valuation of these cash flows. As appropriate in circumstances, the Bank considers also the effect of any credit risk mitigating arrangements, including collateral agreements and master netting agreements on the calculation of credit risk valuation adjustments (CVAs). CVA calculation uses probabilities of default (PDs) based on observable market data such as credit default swaps (CDS) spreads, where appropriate, or based on internal rating models. The Bank applies similar methodology for the calculation of debit-value-adjustments (DVAs), when applicable. Where valuation techniques are based on internal rating models and the relevant CVA is significant to the entire fair value measurement, such derivative instruments are categorized as Level 3 in the fair value hierarchy. A reasonably possible change in the main unobservable input (i.e. the recovery rate), used in their valuation, would not have a significant effect on their fair value measurement.

The Bank determines fair values for debt securities held using quoted market prices in active markets for securities with similar credit risk, maturity and yield, quoted market prices in non active markets for identical or similar financial instruments, or using discounted cash flows method.

Unquoted equity instruments at FVTPL under IFRS 9 are estimated mainly (i) using third parties' valuation reports based on investees' net assets, where management does not perform any further significant adjustments, and (ii) net assets' valuations, adjusted where considered necessary.

Loans and advances to customers which contractual cash flows do not represent solely payments of principal and interest (SPPI failures), are measured mandatorily at fair value through profit or loss. Quoted market prices are not available as there are no active markets where these instruments are traded. Their fair values are estimated on an individual loan basis by discounting the future expected cash flows over the time period they are expected to be recovered, using an appropriate discount rate. Expected cash flows, which incorporate credit risk, represent significant unobservable input in the valuation and as such, the entire fair value measurement is categorized as Level 3 in the fair value hierarchy. A reasonably possible increase/decrease in those recovery rates by +5%/-5% would increase/decrease the total fair value measurement by € 2.2 million.

Selected Explanatory Notes to the Interim Financial Statements

Financial instruments not measured at fair value

The fair value hierarchy categorization of the Bank's financial assets and liabilities not measured at fair value on the balance sheet, is presented in the following tables:

	30 June 2019	
	Carrying amount € million	Fair value € million
Loans and advances to customers	28,318	28,368
Investment securities at amortized cost	979	642
Financial assets not measured at fair value	29,297	29,010
Debt securities in issue held by third party investors	2,745	2,614
Financial liabilities not measured at fair value	2,745	2,614

	31 December 2018	
	Carrying amount € million	Fair value € million
Loans and advances to customers	29,308	29,270
Investment securities at amortized cost	941	392
Financial assets not measured at fair value	30,249	29,662
Debt securities in issue held by third party investors	2,691	2,479
Financial liabilities not measured at fair value	2,691	2,479

The assumptions and methodologies underlying the calculation of fair values of financial instruments not measured at fair value are in line with those used to calculate the fair values for financial instruments measured at fair value. Particularly:

- Loans and advances to customers: for loans and advances to customers, quoted market prices are not available as there are no active markets where these instruments are traded. The fair values are estimated by discounting future expected cash flows over the time period they are expected to be recovered, using appropriate risk-adjusted rates. Loans are grouped into homogenous assets with similar characteristics, as monitored by Management, such as product, borrower type and delinquency status, in order to improve the accuracy of the estimated valuation outputs. In estimating future cash flows, the Bank makes assumptions on expected prepayments, product spreads and timing of collateral realization. The discount rates incorporate inputs for expected credit losses and interest rates, as appropriate;
- Investment securities measured at amortized cost: the fair values of financial investments are determined using prices quoted in an active market when these are available. In other cases, fair values are determined using quoted market prices for securities with similar credit risk, maturity and yield, quoted market prices in non active markets for identical or similar financial instruments, or by using the discounted cash flows method; and
- Debt securities in issue: the fair values of the debt securities in issue are determined using quoted market prices, if available. If quoted prices are not available, fair values are determined based on quotes for similar debt securities or by discounting the expected cash flows at a risk-adjusted rate, where the Bank's own credit risk is determined using inputs indirectly observable, i.e. quoted prices of similar securities issued by the Bank or other Greek issuers.

For other financial instruments which are short term or re-price at frequent intervals (cash and balances with central banks, due from credit institutions, due to central banks, due to credit institutions and due to customers), the carrying amounts represent reasonable approximations of fair values.

Selected Explanatory Notes to the Interim Financial Statements

26. Cash and cash equivalents and other information on interim cash flow statement

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances with original maturities of three months or less:

	30 June 2019 € million	31 December 2018 € million
Cash and balances with central banks (excluding mandatory and collateral deposits with central banks)	729	352
Due from credit institutions	138	138
Securities held for trading	1	-
Total	868	490

Other (income)/losses on investment securities presented in operating activities are analyzed as follows:

	30 June 2019 € million	30 June 2018 € million
Amortisation of premiums/discounts and accrued interest	56	(25)
(Gains)/losses from investment securities	(40)	(42)
Dividends	(1)	(1)
Total	15	(68)

As of 1 January 2019, following the adoption of IFRS 16, cash payments for the principal portion of the lease liabilities are classified within financing activities.

27. Contingent liabilities and commitments

The Bank presents the credit related commitments it has undertaken within the context of its lending related activities into the following three categories: a) financial guarantee contracts, which refer to guarantees and standby letters of credit that carry the same credit risk as loans (credit substitutes), b) commitments to extend credit, which comprise firm commitments that are irrevocable over the life of the facility or revocable only in response to a material adverse effect and c) other credit related commitments, which refer to documentary and commercial letters and other guarantees of medium and low risk according to the Regulation No 575/2013/EU.

Credit related commitments are analyzed as follows:

	30 June 2019 € million	31 December 2018 € million
Financial guarantees contracts	964	971
Financial guarantees contracts given to Bank SPVs' issuing EMTNs	83	87
Commitments to extend credit	301	172
Other credit related commitments	271	254
Total	1,619	1,484

As of 30 June 2019, the credit related commitments within the scope of IFRS 9 impairment requirements amounted to € 4.4 bn, including revocable loan commitments of € 2.2 bn and guarantees of € 0.7 bn relating to the lending activities of banking subsidiaries for which the equivalent pledged amount is presented within "Due from credit institutions". The corresponding allowance for impairment losses of the above credit related commitments amounts to € 294 million (31 December 2018: € 305 million).

In addition, the Bank has issued a sovereign risk financial guarantee of € 0.24 bn (31 December 2018: € 0.24 bn) for which an equivalent amount has been deposited under the relevant pledge agreement (note 17).

Selected Explanatory Notes to the Interim Financial Statements

Legal proceedings

As at 30 June 2019, a provision of € 49 million has been recorded for a number of legal proceedings outstanding against the Bank (31 December 2018: € 50 million), as set out in note 22. The said amount includes € 34 million for an outstanding litigation related to the acquisition of New TT Hellenic Postbank S.A. in 2013 (31 December 2018: € 34 million).

Furthermore, in the normal course of its business, the Bank has been involved in a number of legal proceedings, which are either at still a premature or at an advanced trial instance. The final settlement of these cases may require the lapse of a certain time so that the litigants exhaust the legal remedies provided for by the law. Management, having considered the advice of the Legal Services General Division, does not expect that there will be an outflow of resources and therefore does not acknowledge the need for a provision.

Against the Bank various legal remedies and redresses have been filed amongst others in the form of lawsuits, applications for injunction measures, motions to vacate payment orders and appeals in relation to the validity of clauses for the granting of loans in Swiss Francs. A class action has also been filed by a consumer union. To date the vast majority of the judgments issued by the first instance and the appellate Courts have found in favour of the Bank's positions. On the class action, a judgment of the Athens Court of Appeals was issued in February 2018, which was in favour of the Bank and rejected the lawsuit on its merits. The judgment has been challenged by the consumer unions with an appeal which was scheduled to be heard before the Supreme Court on 20 May 2019. The hearing was cancelled due to the elections held on 26 May 2019, while a new date has not been set. As to certain aspects of Swiss Francs loans there was also a pending lawsuit before the Supreme Court at plenary session which was initiated from an individual lawsuit. The Decision issued on 18 April 2019 was in favour of the Bank.

In any event, the Management of the Bank is closely monitoring the developments to the relevant cases so as to ascertain potential accounting implications in accordance with the Bank's accounting policies.

28. Other significant and post balance sheet events

Merger of Eurobank with Grivalia

On 26 November 2018, the Boards of Directors ("BoD") of Eurobank Ergasias S.A. ("Eurobank") and Grivalia Properties REIC ("Grivalia") announced that they unanimously decided to commence the merger of the two companies by absorption of Grivalia by Eurobank (the "Merger"). Grivalia was a real estate investment company under Law 2778/1999, as in force, incorporated in Greece. The business of Grivalia along with its subsidiaries (Grivalia group, note 15) and its joint ventures (note 17) was the acquisition, management and leasing out of investment property portfolio located in Greece, in Central Eastern Europe and in Central America.

On 7 February 2019, the European Commission (DG Competition) decided that the Merger is in line with Eurobank's commitments and State Aid rules considering that the strengthening of its capital base through the Merger will enable Eurobank to significantly reduce its non-performing loans in the near future.

On 22 February 2019, the BoD of Eurobank and Grivalia approved the Draft Merger Agreement for the absorption of Grivalia by Eurobank according to the provisions of Greek laws 2166/1993 and 2515/1997, as in force, as well as the applicable Company Law. The proposed share exchange ratio was 15.80000000414930 new Eurobank ordinary registered shares for every 1 Grivalia ordinary registered share, while Eurobank shareholders retain the number of Eurobank ordinary shares they held before the Merger. Accordingly, with respect to the new share capital of Eurobank, 2,185,998,765 shares are allocated to the shareholders of Eurobank and 1,523,163,087 to the shareholders of Grivalia.

On 5 April 2019, the Extraordinary General Meeting of the shareholders of Eurobank resolved, among others (a) the approval of the Merger of the Bank with Grivalia by absorption of the latter by the former, (b) the approval of the Draft Merger Agreement, as it was approved by the BoD of the merging companies and (c) the increase of the share capital of the Bank by € 197 million (note 23).

The Merger was accounted for as a business combination using the purchase method of accounting. The date on which the Shareholders General Meetings of both companies approved the merger, i.e. 5 April 2019 has been determined as the acquisition date as it is considered the date that Eurobank obtained control of Grivalia.

The consideration of the transaction amounting to € 1,094.4 million has been calculated as the fair value of the 1,523,163,087 Eurobank new ordinary shares with reference to Eurobank's share market price on the acquisition date (i.e. € 0.7185).

Selected Explanatory Notes to the Interim Financial Statements

The fair value measurement of the assets acquired and liabilities assumed has been provisionally determined and is close to finalization. Upon acquisition, their provisional fair values are presented in the table below:

	Fair value (Provisional values) € million
Assets	
Due from credit institutions ⁽¹⁾	20
Shares in subsidiary undertakings	141
Property, plant and equipment and investment property	843
Other assets ⁽²⁾	84
Total assets	1,088
Liabilities	
Due to credit institutions	191
Other liabilities	25
Total liabilities	216
Shareholders' equity	872
Total equity and liabilities	1,088

⁽¹⁾ It includes € 1 million cash and cash equivalents.

⁽²⁾ It mainly includes investments in associates and joint ventures amounting to € 60 million as well as trade and other receivables of gross carrying amount of € 26 million for which a provision of € 1,7 million has been recognized.

The difference between: (a) the total consideration of € 1,094.4 million and (b) the net identifiable assets acquired (provisional fair values of assets and liabilities as stated above) of € 872 million, results in the recognition of a temporary goodwill of € 222 million, which is expected to be finalized by the year end. This is not deductible for income tax purposes and is included in intangible assets. Following the Merger, Eurobank's equity increased by € 1,087 million net of € 7 million related costs. The Merger enhances Eurobank's capital position (note 4) and its earnings capacity, which in turn enables the acceleration of its NPEs reduction plan. In addition, through the Merger, the Bank is allowed to deploy Grivalia's best in class real estate management skills to its real estate assets, in particular to its repossessed assets, which is critical for the management of NPEs.

The results of Grivalia operations are incorporated in the Bank's financial statements prospectively, as of 1 April 2019. If the acquisition had occurred on 1 January 2019, the Grivalia would have contributed net profit of ca. € 7 million to the Bank for the period from 1 January 2019 up to 31 March 2019. As of 1 April 2019, the revenues from the investment property portfolio acquired from Grivalia are presented within the line "Income from non banking services" of the income statement. The Merger was approved on 17 May 2019 by the Ministry of Finance and Development and was registered, on the same day, in the General Commercial Registry. The trading of the 1,523,163,087 new common voting shares of nominal value € 0.23 each was initiated at Athens Exchange on 23 May 2019.

As a result of the Merger, Fairfax group, which before the Merger held 18.40% and 54.02% in Eurobank and Grivalia, respectively, becomes the largest shareholder in the merged entity with a 33.03% shareholding (note 29).

Agreement with the Real estate management company

On 22 February 2019, the Board of Directors of Eurobank also approved the upcoming agreement (SLA), pursuant to article 100 of Greek Law 4548/2018, of the Bank with the company to be incorporated under the name "Grivalia Management Company SA" (the "Company"). The Company was established in March 2019 and is a related party to Eurobank, since a member of the Bank's Board of Directors holds the majority (70%) of the shares of the Company and is an executive member of the board of directors of the Company.

The Bank has concluded a 10-year advisory services agreement with Grivalia Management Company S.A. for the combined real estate portfolio of the merged entities, that came into force following the completion of the Merger. The related services assigned to the Company under this agreement mainly refer to advisory services relating to the acquisition, transfer, lease, management development and strategic planning of the management of real estate assets, including the preparation of the annual budget and the

Selected Explanatory Notes to the Interim Financial Statements

supervision of Eurobank's contractors and advisors. Following a specific mandate, the Company will also undertake certain implementation actions. According to the SLA, total fees that will be charged by the Company based on cost and performance criteria, including a minimum service fee of € 9.35 million for the combined own used and investment property portfolio and a fee related to repossessed assets, shall not exceed € 12 million (excluding VAT) per annum.

Further information on the above transactions is provided in the regulatory announcements on the Bank's website dated 26 November 2018 and 8 February, 25 February, 1 March, 5 April and 17 May 2019.

Corporate Transformation-Hive down

In the context of the NPE reduction acceleration plan, as announced in November 2018, the BoD of the Bank ("Demerged Entity") on 28 June 2019 decided the initiation of the hive down process of the banking sector of Eurobank and its transfer to a new company-credit institution that will be established ("the Beneficiary").

Post balance sheet event

On 31 July 2019, the BoD of the Bank approved the Draft Demerger Deed through the aforementioned hive down and establishment of a new company-credit institution, pursuant to Article 16 of Law 2515/1997 and Articles 57 (3) and 59-74 of Law 4601/2019, as currently in force. In particular, the demerger will involve the hive-down of the banking business sector of Eurobank, to which the assets and the liabilities, as described on the transformation balance sheet of the hived-down sector as at 30 June 2019 ("Transformation Date"), are included. All actions that will take place after the Transformation Date and will concern the hived down sector shall be treated as occurring on behalf of the Beneficiary.

The Demerged Entity will maintain activities and assets that are not related to the main banking activities but are mainly related to the strategic planning of the administration of non-performing loans and the provision of services to the Group companies and third parties. Furthermore the Demerged Entity will retain: a) 95% of the mezzanine and junior notes of Projects Pillar and Cairo (note 21), b) the preferred securities (note 24) and c) participations in certain subsidiaries including Be Business Exchanges S.A. and real estate companies related to projects Pillar and Cairo.

Upon the completion of the demerger (i.e. the date of registration with the General Commercial Registry of the relevant approval by the competent Authority), the following shall take place: a) The Beneficiary will be incorporated and the Demerged Entity shall become the shareholder of the Beneficiary by acquiring all the shares issued by the Beneficiary and more specifically 3,683,244,830 common registered shares, of a nominal value of € 1.10 each and b) the Beneficiary substitutes the Demerged Entity, by way of universal succession, to all the transferred assets and liabilities, as set out in the transformation balance sheet of the hived down sector and formed up to the completion of the demerger.

As of 9 August 2019, the Draft Demerger Deed of the Bank, is available on its website as well as the website of the General Commercial Registry.

The completion of the demerger is subject to the required by the Law approval of the General Meeting of the shareholders of the Bank as well as the receipt of all necessary approvals by the competent Authorities.

Details of other post balance sheet events are provided in the following notes:

Note 2- Basis of preparation and principal accounting policies

Note 15-Shares in subsidiaries

Note 24-Hybrid Capital

Note 30-Board of Directors

Selected Explanatory Notes to the Interim Financial Statements
29. Related parties

In May 2019, following the increase of the share capital of the Bank in the context of the merger with absorption of Grivalia Properties REIC (note 28), the percentage of the Bank's ordinary shares with voting rights held by the Hellenic Financial Stability Fund (HFSF) decreased from 2.38% to 1.40%. The HFSF is still considered to have significant influence over the Bank pursuant to the provisions of the Law 3864/2010, as in force, and the Relationship Framework Agreement (RFA) the Bank has entered into with the HFSF. Further information in respect of the HFSF rights based on the aforementioned framework is provided in the section "Report of the Directors and Corporate Governance Statement" of the Annual Financial Report for the year ended 31 December 2018.

A number of banking transactions are entered into with related parties in the normal course of business and are conducted on an arm's length basis. These include loans, deposits and guarantees. In addition, as part of its normal course of business in investment banking activities, the Bank at times may hold positions in debt and equity instruments of related parties.

The outstanding balances of the transactions with (a) the subsidiaries, (b) the key management personnel (KMP) and the entities controlled or jointly controlled by KMP and (c) the associates and joint ventures, as well as the relating income and expenses, are as follows:

	30 June 2019			31 December 2018		
	Subsidiaries € million	KMP ⁽¹⁾ and entities controlled or jointly controlled by KMP € million	Associates and joint ventures € million	Subsidiaries € million	KMP ⁽¹⁾ and entities controlled or jointly controlled by KMP € million	Associates and joint ventures € million
Due from credit institutions	828.62	-	-	1,263.38	-	-
Derivative financial instruments assets	11.34	-	-	4.56	-	-
Investment securities	0.28	-	-	0.46	-	-
Loans and advances to customers	1,460.53	6.73	10.75	1,370.91	7.19	0.83
Other assets	4.59	-	5.27	5.18	-	6.86
Due to credit institutions	2,452.22	-	-	3,082.19	-	-
Derivative financial instruments liabilities	0.86	-	-	5.03	-	-
Due to customers	439.85	11.66	57.39	405.53	3.35	44.40
Debt securities in issue	-	-	-	6.72	-	-
Other liabilities	252.68	-	2.65	299.47	-	1.88
Guarantees issued-loan commitments ⁽³⁾	624.26	0.01	-	515.83	-	-
Guarantees received	-	0.03	-	-	0.03	-

	Six months ended 30 June 2019			Six months ended 30 June 2018		
Net interest income	(1.27)	0.01	(2.35)	(3.58)	0.02	(3.61)
Net banking fee and commission income	5.54	-	6.23	2.24	-	5.40
Dividend income	-	-	3.00	0.64	-	16.08
Net trading income	0.68	-	0.19	(0.15)	-	0.01
Gains less losses from investment securities	-	-	-	-	-	0.55
Other operating income/(expenses) ⁽⁴⁾	3.73	(4.35)	(12.08)	0.99	-	(11.36)
Impairment losses relating to loans and advances and collectors' fees	(25.93)	-	(3.58)	(31.72)	-	(7.82)

⁽¹⁾ Includes the key management personnel of the Bank and their close family members.

⁽²⁾ Equity contributions and other transactions with subsidiaries are presented in note 15.

⁽³⁾ Furthermore as of 30 June 2019, € 0.8 bn guarantees have been issued relating mainly to the lending activities of banking subsidiaries for which the equivalent pledged amount is included above in "Due from credit institutions" (2018: € 1.2 bn).

⁽⁴⁾ The amount of € 4.35 million reported for entities controlled by KMP is related to the services agreement with Grivalia Management Company S.A. (note 28).

Selected Explanatory Notes to the Interim Financial Statements

For the period ended 30 June 2019, there were no material transactions with the HFSF. In addition, as at 30 June 2019 the loans, net of provisions, granted to entities controlled by the Bank pursuant to the terms of the relevant share pledge agreements amounted to € 3.2 million (31 December 2018: € 3.3 million).

In the second quarter of 2019, the Bank proceeded with the purchase of loans at amortized cost of gross carrying amount of € 280 million and loans at FVTPL of € 4 million from its subsidiary ERB New Europe Funding II B.V.

For the period ended 30 June 2019, an impairment loss of € 7.6 million has been recognised in respect of the Bank's loans, receivables and the credit related commitments to its subsidiaries, associates and joint ventures, mainly to reflect the carrying values of their loans' portfolios. As at 30 June 2019, the respective impairment allowance amounted to € 292 million (31 December 2018: € 300 million).

Following the completion of the merger of Eurobank with Grivalia Properties REIC (note 28), Fairfax group holds 33.03% in Eurobank and is expected to have the ability to exercise significant influence over the Bank, subject to the required regulatory approvals in relation to the increase of its shareholding as a result of the merger.

Key management compensation (directors and other key management personnel of the Bank)

Key management personnel are entitled to compensation in the form of short-term employee benefits of € 3.02 million (30 June 2018: € 3.02 million) and long-term employee benefits of € 0.47 million (30 June 2018: € 0.44 million). In addition, the Bank has formed a defined benefit obligation for the KMP amounting to € 1.63 million as at 30 June 2019 (31 December 2018: € 1.68 million), while the respective cost for the period amounts to € 0.05 million (30 June 2018: € 0.05 million).

30. Board of Directors

The Board of Directors (BoD) was elected by the Annual General Meeting of the Shareholders of the Bank (AGM) held on 10 July 2018 for a three years term of office that will expire on 10 July 2021, prolonged until the end of the period the AGM for the year 2021 will take place.

Further to that:

- The BoD by its decisions dated 29 March and 1 April 2019, appointed Mr. George Zantias as new non-executive Director and Chairman of the BoD in replacement of the resigned Chairman Mr. N. Karamouzis. The appointment of Mr. George Zantias was announced to the Extraordinary General Meeting of the Shareholders of the Bank (EGM) held on 5 April 2019 and his term of office will expire concurrently with the term of office of the other members of the BoD.
- Following the resignation of Ms. Lucrezia Reichlin, effective as of 1 April 2019, the BoD of the Bank decided on 1 April 2019 not to replace her and the continuation of the management and representation of the Bank by the BoD without her replacement.
- The EGM of the Shareholders of the Bank held on 5 April 2019 approved the appointment of Mr. Nikolaos Bertzos as new independent non-executive member of the Bank's BoD, whose term of office will expire concurrently with the term of office of the other members of the BoD. Same day (5 April 2019), the BoD decided its constitution as a body.
- The BoD by its decision dated 31 July 2019, appointed Mr. Konstantinos Angelopoulos as the new representative of the HFSF to Eurobank's BoD in replacement of the resigned Ms. Aikaterini Beritsi, according to the provisions of Law 3864/2010 and the Relationship Framework Agreement signed between Eurobank and HFSF.

Selected Explanatory Notes to the Interim Financial Statements

Following the above, the BoD is as follows:

G. Zanias	Chairman, Non-Executive
G. Chryssikos	Vice Chairman, Non-Executive
F. Karavias	Chief Executive Officer
S. Ioannou	Deputy Chief Executive Officer
T. Kalantonis	Deputy Chief Executive Officer
K. Vassiliou	Deputy Chief Executive Officer
B. P. Martin	Non-Executive
N. Bertzos	Non-Executive Independent
R. Boucher	Non-Executive Independent
R. Kakar	Non-Executive Independent
J. Mirza	Non-Executive Independent
G. Myhal	Non-Executive Independent
K. Angelopoulos	Non-Executive (HFSF representative under Law 3864/2010)

Athens, 28 August 2019

Georgios P. Zanias
I.D. No AI - 414343
CHAIRMAN
OF THE BOARD OF DIRECTORS

Fokion C. Karavias
I.D. No AI - 677962
CHIEF EXECUTIVE OFFICER

Harris V. Kokologiannis
I.D. No AN - 582334
GENERAL MANAGER OF GROUP FINANCE
GROUP CHIEF FINANCIAL OFFICER

VII. Information of Eurobank Ergasias S.A. group for the period 1.1-30.6.2019 pursuant to article 6 of l. 4374/2016

INFORMATION OF EUROBANK ERGASIAS S.A. GROUP FOR THE PERIOD 01/01 - 30/06/2019
PURSUANT TO ARTICLE 6 OF L.4374 / 2016

PAYMENTS ON CONSOLIDATED BASIS PURSUANT TO PARAGRAPH 1 OF ARTICLE 6 OF L.4374 / 2016 REGARDING LEGAL ENTITIES

LEGAL ENTITY / NAME OF INDIVIDUAL	AMOUNTS (pre taxes and charges)
"SPOT" APOSTOLOS ELLINAS GENERAL PARTNERSHIP	1.500,00
1908 PUBLISHING PRIVATE COMPANY	16.000,00
1984 PRODUCTIONS S.A.	8.100,00
24 MEDIA S.A.	5.500,00
A.S.M. PUBLICATIONS PRIVATE COMPANY	5.500,00
ABP PUBLISHING PRIVATE COMPANY	4.800,00
ADWEB LTD	1.040,00
AIRLINK S.A.	8.450,60
AKOI RADIO MANAGEMENT S.A.	10.121,00
AKRITES TELEVISION S.A.	196,00
ALLIANCE FOR GREECE	4.250,00
ALPHA 989 S.A.	7.462,70
ALPHA SATELLITE TV S.A.	118.976,42
ALTER EGO MEDIA S.A.	165.582,40
ANTENNA TV S.A.	115.796,79
APE-MPE S.A.	12.600,00
ATHENS VOICE S.A.	10.080,00
BANKINGNEWS S.A.	32.000,00
BEHLIVANOS I. CHRISTOS	2.800,00
BOGDANOS KONSTANTINOS & CO LIMITED PARTNERSHIP	1.692,30
BOULEVARD FREE PRESS PRIVATE COMPANY	1.530,00
BOUSIAS COMMUNICATIONS LLC	5.634,40
BRAINWAY S.A.	3.020,00
BROADCASTING PROMOTION S.A. SPORT TV	2.699,55
BUSINESS ORGANIZATION INTERNATIONAL SERVICES S.A. ALFA TELEVISION	1.024,75
CAPITAL.GR S.A.	69.000,15
CHRISI EFKERIA EDITIONS S.A.	4.934,00
CINE NEWS S.A.	14.445,00
COSMOS PELOPONNESE MME S.A.	489,75
CREATIVE INTERNET SERVICES SINGLE ENTITY LTD CO.	10.800,00
CRETALIVE SINGLE ENTITY LTD CO.	11.400,00
D. KONSTANTOPOULOS & CO LIMITED PARTNERSHIP	3.000,00
DESMI S.A.	16.233,30
DG NEWSAGENCY S.A.	15.333,33
DIFONO RADIO OPERATIONS S.A.	3.427,20
DIMERA PUBLISHING S.A.	4.000,00
DIO DEKA PUBLISHING S.A.	14.000,00
DIONATOS I. AND CO LIMITED PARTNERSHIP (DELTA PRESS)	6.000,00
DIONISIOS MPOURAS & CO LIMITED PARTNERSHIP	10.000,00
DITONE LIMITED INTERNET ENTERPRISES	4.000,00
DOCUMENTO MEDIA SINGLE ENTITY PRIVATE COMPANY	43.900,00
DOUSIS ANASTASIOS & CO LIMITED PARTNERSHIP	6.500,00
DPG DIGITAL MEDIA S.A.	15.333,33
ELEYTHERIA TOY TYPOU PUBLISHING S.A.	30.720,00
ENIKOS S.A.	18.000,00
ENTYPOEKDOTIKI INDUSTRIAL AND COMMERCIAL S.A.	4.000,00
ERINYA NEWS SINGLE ENTITY PRIVATE COMPANY	1.000,00
ESTIA INVESTMENTS MME S.A.	60.000,00
ESTIA NEWSPAPER S.A.	173,42
ETHOS MEDIA S.A.	5.950,00
EUROPE ONE RADIOTELEVISION S.A.	315,00
EXCESS SINGLE ENTITY LLC	300,00
EXPLORER S.A.	22.150,00
FAROSNET S.A.	4.500,00
FELNIKOS ELECTRONIC MEDIA SINGLE ENTITY LLC	5.100,00
FILELEYTHEROS PUBLISHING S.A.	42.000,00
FINANCIAL MARKETS VOICE S.A.	6.000,00
FMW FINANCIAL MEDIA WAY	1.000,00
FORTHNET MEDIA S.A.	49.885,00
FOTAGOGOS LLC	1.600,00
FOX NETWORKS GROUP S.A.	2.916,00
FREE SUNDAY LIMITED PARTNERSHIP	7.500,00
FREED S.A. DIGITAL INTERNET APPLICATIONS	15.125,00
FRONTSTAGE ENTERTAINING S.A.	16.137,91
G. SIMANTONIS & CO GENERAL PARTNERSHIP	645,16
GENERAL RADIOTELEVISION ENTERPRISES S.A.	2.879,92
GREEN BOX PUBLISHING S.A.	12.300,00
HAZLIS AND RIVAS COMMUNICATIONS LTD	5.000,00
HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.	19.501,87
I AVGI - PUBLISHING AND JOURNALISTIC ORGANIZATION S.A.	13.200,00
I EFIMERIDA TON SINTAKTON S.A.	36.496,00
ICAP S.A.	6.350,00
ICHOS & RYTHMOS S.A.	4.513,80
IDENTITY S.A.	3.000,00
IKAROS RADIOTELEVISION COMPANY S.A.	30.095,30
INFINITAS INTERNET MULTIMEDIA PRIVATE COMPANY	1.779,00
INTERBUS S.A.	64.995,00

INFORMATION OF EUROBANK ERGASIAS S.A. GROUP FOR THE PERIOD 01/01 - 30/06/2019
PURSUANT TO ARTICLE 6 OF L.4374 / 2016

PAYMENTS ON CONSOLIDATED BASIS PURSUANT TO PARAGRAPH 1 OF ARTICLE 6 OF L.4374 / 2016 REGARDING LEGAL ENTITIES

LEGAL ENTITY / NAME OF INDIVIDUAL	AMOUNTS (pre taxes and charges)
INTERNATIONAL RADIO NETWORKS S.A.	4.514,20
IONIAN RADIOTELEVISION ENTERPRISES S.A.	3.000,00
J.O. INFOCENT COMMUNICATIONS SINGLE ENTITY LTD CO	3.000,00
J.P. COMMUNICATIONS LIMITED PARTNERSHIP	1.500,00
K.M.CHATZILIADIS & CO LIMITED PARTNERSHIP	4.118,88
KARAGIANNOPOULOS KONSTANTINOS	660,00
KARANTZOUNIS G. DIMITRIOS	1.500,00
KATHIMERINES PUBLICATIONS S.A.	154.131,08
KATSONIS PANAGIOTIS	1.500,00
KISS MEDIA S.A.	11.736,00
KONTRA MEDIA MME S.A.	7.500,00
KYRIAKOPOULOS IOANNIS & CO LIMITED PARTNERSHIP	3.000,00
LEFT MEDIA S.A.	1.584,00
LIQUID MEDIA S.A.	13.200,00
LOVE RADIO BROADCASTING S.A.	7.500,00
M PRESS PUBLISHING S.A.	121,00
MANESIOTIS NIKOLAOS-PSOMIADIS KONSTANTINOS G.P.	5.400,00
MARATHON PRESS PRIVATE COMPANY	3.250,00
MARIA VASILAKI PUBLISHING ENTERPRISES SINGLE ENTITY LTD CO.	2.000,00
MARINA G. TOULA & CO GENERAL PARTNERSHIP	1.200,00
MARKETING AND MEDIA SERVICES SINGLE ENTITY PRIVATE COMPANY	5.000,00
MEDIA DIVERSITY PRIVATE COMPANY	300,00
MEDIA2DAY PUBLISHING S.A.	61.100,00
METRODEAL SINGLE ENTITY PRIVATE COMPANY	3.801,60
MONOCLE MEDIA LAB MONONEWS PRIVATE COMPANY	18.000,00
MYTILINI RADIOTELEVISION ENTERPRISES S.A.	196,00
N.K. MEDIA GROUP MEDIA PUBLISHING LLC	21.735,99
NEA TELEORASI S.A.	64.513,33
NEO CHRIMA PUBLISHING S.A.	30.000,00
NEOTYPOGRAPHIKI LLC - "LOGOS" NEWSPAPER	52,42
NEW MEDIA NETWORK SYNOPSIS S.A.	46.200,00
NEW RADIO OF JOURNALISTS LTD	24.000,00
NEWPOST PRIVATE COMPANY	28.000,00
NEWS DOT COM RADIOTELEVISION S.A.	77.115,70
NEWSIT LLC	41.610,00
NEWSMEDIA PRIVATE COMPANY	4.200,00
NOESSIS PRIVATE COMPANY	7.520,00
NOTICE CONTENT AND SERVICES SINGLE ENTITY PRIVATE COMPANY	650,00
OLIVE MEDIA S.A.	15.500,00
ONLINE TECHPRESS PUBLISHING LLC	1.200,00
ORTHODOXI KIVOTOS PUBLICATIONS S.A.	1.000,00
P. ATHANASSIADIS & CO S.A.	3.791,04
P.D. PUBLICATIONS LTD	7.097,58
PALO DIGITAL TECHNOLOGIES LTD	10.565,03
PAPALIOS KONSTANTINOS & CO LIMITED PARTNERSHIP	6.251,00
PAPASTAMOULOS D. GEORGIOS	1.500,00
PARA ENA NETWORK SERVICES LLC	23.500,00
PARAPOLITIKA PUBLISHING S.A.	12.920,00
PAYLOPOULOS S. NETWORK & SOCIALNETWORK INFORMATION SINGLE ENTITY LLC	3.000,00
PELOPONNESE PATRON EDITIONS S.A.	11.000,00
PERFECT MEDIA ADVERTISING SINGLE ENTITY PRIVATE COMPANY	15.000,00
POLITI-SIAFAKA MARIELIZE-VASILIKI	2.000,00
POLITIS GENERAL PARTNERSHIP	854,70
PREMIUM S.A.	28.000,00
PRIME APPLICATIONS S.A.	19.800,00
PROTAGON S.A.	15.000,00
PROTO THEMA PUBLISHING S.A.	177.263,40
PUBLISHING S.A. AGRICULTURAL NEWS	1.040,00
RADIO COMMUNICATION S.A.	7.500,12
RADIO PRODUCTIONS S.A.	6.841,80
RADIO THESSALONIKI S.A.	6.655,62
RADIOTELEVISION ENTERPRISES ANTENNA FM S.A.	7.396,20
RADIOTELEVISION ENTERPRISES REAL FM S.A.	49.280,00
RADIOTELEVISION ENTERPRISES S.A. SYROS T.V.1	261,00
RADIOTELEVISION S.A.	1.705,15
RADIOTELEVISION TOURIST ENTERPRISES-IRIDA S.A.	252,00
REAL MEDIA S.A.	19.000,00
REPORT PRIVATE COMPANY	8.000,00
SABD PUBLISHING S.A.	37.000,00
SARISA LLC	1.800,00
SARONIC GLAM PRIVATE COMPANY	1.500,00
SELANA S.A.	4.000,00
SFERA RADIO S.A.	11.736,00
SIRGANI PARASKEVI	1.600,00
SMART PRESS PUBLISHING ADVERTISING S.A.	1.000,00
SPORTDOG PRIVATE COMPANY	1.725,00
SPORTNEWS INTERNET SERVICES S.A.	7.650,00

INFORMATION OF EUROBANK ERGASIAS S.A. GROUP FOR THE PERIOD 01/01 - 30/06/2019
PURSUANT TO ARTICLE 6 OF L.4374 / 2016

PAYMENTS ON CONSOLIDATED BASIS PURSUANT TO PARAGRAPH 1 OF ARTICLE 6 OF L.4374 / 2016 REGARDING LEGAL ENTITIES

LEGAL ENTITY / NAME OF INDIVIDUAL	AMOUNTS (pre taxes and charges)
STAMOULIS PUBLICATIONS S.A.	3.250,00
STAR S.A. RADIOTELEVISION ORGANIZATION OF CENTRAL GREECE	7.999,20
THE TOC DIGITAL MEDIA INFORMATION SERVICES S.A.	10.050,00
THEOHARIS SPYR. GEORGIOS	6.750,00
THESSALIKI RADIOTELEVISION S.A.	1.424,75
TO KOUTI THS PANDORAS MEDIA LIMITED PARTNERSHIP	16.000,00
UNION OF HELLENIC CHAMBERS OF COMMERCE-INSTITUTE OF RESEARCH & STUDIES	2.900,00
VASSILATOS CHRISTOFOROS	12.630,00
VORIA GR S.A.	2.000,00
WALL STREET FINANCE PRIVATE COMPANY	3.600,00
WAVE MEDIA OPERATIONS PRIVATE COMPANY	750,00
ZOYGLA G.R. S.A.	33.000,00
TOTAL	2.590.231,15

NOTES:

1. Not including charges in favor of Greek government (V.A.T, Special TV tax.) and in favor of third parties (advertisement tax), total amount € 526.358,71.

INFORMATION OF EUROBANK ERGASIAS S.A. GROUP FOR THE PERIOD 01/01 - 30/06/2019
PURSUANT TO ARTICLE 6 OF L.4374 / 2016

PAYMENTS ON CONSOLIDATED BASIS PURSUANT TO PARAGRAPH 2 OF ARTICLE 6 OF L.4374 / 2016

LEGAL ENTITY / NAME OF INDIVIDUAL	AMOUNTS (pre taxes and charges)
1st PRIMARY SCHOOL OF KONITSA*	4.303,55
ACTION AID HELLAS	2.950,00
AMERICAN COLLEGE OF GREECE	1.000,00
ANATOLIA COLLEGE BOARD OF TRUSTEES	55.000,00
ARGO PUBLISHING AND ADVERTISING SINGLE ENTITY LLC	1.020,00
ARK OF THE WORLD	1.150,00
ASSOCIATION OF BUSINESS AND RENTAL OF VALAORITOU AND VOUKOURESTIOU*	4.768,71
ASSOCIATION OF PARENTS & GUARDIANS 4th PRIMARY SCHOOL OF VOULA	2.000,00
ASSOCIATION OF PATIENTS WITH NEOPLASIA "IMASTE MAZI"	4.000,00
ASSOCIATION OF SARAKATSANIAN PREFECTURE OF LARISSA "KATSANTONIS"	1.500,00
ASSOCIATION OF SOCIAL LIABILITY FOR CHILDREN AND YOUTH	14.040,00
ATHENS ALZHEIMER ASSOCIATION	500,00
ATHENS COORDINATION CENTER FOR MIGRANT AND REFUGEE ISSUES	1.000,00
ATHENS UNIVERSITY OF ECONOMICS AND BUSINESS SPECIAL RESEARCH FUND	1.000,00
AUEB PROPERTY MANAGEMENT & DEVELOPMENT S.A.	12.016,13
BLUE RIBBON CIVIL NON PROFIT COMPANY	30.000,00
BOTONAKIS SOFOKLIS	403,00
BRITISH EMBASSY	1.000,00
BUSINESS AND INDUSTRY ASSOCIATION OF THESSALY	500,00
CATERING BUSINESS OWNERS ASSOCIATION OF TINOS	500,00
CENTER OF SPECIAL PEOPLE "I CHARA"	5.950,68
CHAMBER OF LESVOS	1.000,00
CHANIA DEVELOPMENT CORPORATION CIVIL NON PROFIT COMPANY	1.612,90
COEURS POUR TOUS HELLAS	12.000,00
DEAF-HEARING IMPAIRED ATHLETIC CLUB OF SOUTHWEST GREECE	2.000,00
DELPHI ECONOMIC FORUM	15.000,00
ECONOMIC CHAMBER OF GREECE	5.000,00
EKALI TOURIST AND HOTEL ENTERPRISES	3.000,00
ELEPAP-REHABILITATION FOR THE DISABLE	2.000,00
ELPIDA ASSOCIATION	230,00
EUROPEAN ASSOCIATION OF ELECTRICIANS	1.500,00
EXCESS SINGLE ENTITY LTD	300,00
GENERAL STATE HOSPITAL OF ARGOS	1.000,00
GEORGE & AIKATERINI HATZIKONSTA FOUNDATION FOR YOUTH TRAINING PRIVATE LEGAL ENTITY	14.760,00
GREEK CHILDREN'S VILLAGE - FILIRO	250,00
GREEK EXPORTERS' ASSOCIATION OF NORTHERN GREECE	6.000,00
GREEK SOCIETY FOR THE PROMOTION OF SAFETY OF SPORTS AND RECREATIONAL MEANS THE SEA AND WATER-"SAFE WATER SPORTS"	3.500,00
GREEK TECHNOLOGY ENTERPRISE FORUM	5.000,00
GREEN BOX PUBLICATIONS S.A.	5.000,00
HELLA-DIKA MAS CIVIL NON PROFIT COMPANY	5.000,00
HELLENIC ASSOCIATION OF MOBILE APPLICATION COMPANIES	8.225,81
HELLENIC ASSOCIATION OF MOBILE APPLICATION COMPANIES*	4.800,00
HELLENIC ASSOCIATION ORTHOPAEDIC SURGERY & TRAUMATOLOGY	1.000,00
HELLENIC BASKETBALL FEDERATION	515.970,00
HELLENIC INSTITUTE OF CUSTOMER SERVICE	5.000,00
HELLENIC MANAGEMENT ASSOCIATION	3.000,00
HELLENIC OPEN UNIVERSITY	66.000,00
HELLENIC RADIATION DOSIMETRY PRIVATE COMPANY	20.000,00

INFORMATION OF EURO BANK ERGASIAS S.A. GROUP FOR THE PERIOD 01/01 - 30/06/2019
PURSUANT TO ARTICLE 6 OF L.4374 / 2016

PAYMENTS ON CONSOLIDATED BASIS PURSUANT TO PARAGRAPH 2 OF ARTICLE 6 OF L.4374 / 2016

LEGAL ENTITY / NAME OF INDIVIDUAL	AMOUNTS (pre taxes and charges)
HELLENIC ROOTS ASSOCIATION	2.000,00
HELLENIC-AMERICAN CHAMBER OF COMMERCE	3.000,00
HELLENIC-ITALIAN CHAMBER	5.000,00
HELLENIC-SPANISH CHAMBER OF COMMERCE*	1.895,16
HOLY METROPOLIS OF TRIKALA	1.500,00
HOLY TEMPLE OF THREE HIERARCHS OF PIGADIA DRAMA*	806,54
I FLOGA'- PARENTS ASSOCIATION OF CHILDREN WITH NEOPLASTIC DISEASES	680,00
INFORMA UK LIMITED	4.032,26
JUNIOR ACHIEVEMENT GREECE	500,00
KARRER LOUKIA	5.000,00
KONSTANTINOS TSAOUSIS SINGLE ENTITY PRIVATE COMPANY	3.000,00
LAWYERS AND INTERNS GUILD	2.000,00
LEFKADA CHAMBER OF COMMERCE AND INDUSTRY	2.000,00
LYCEUM CLUB OF GREEK WOMEN - VOLOS' BRANCH	1.000,00
MARKETING GREECE S.A.	50.000,00
MESOTOPOS LESVOS ATHLETIC CLUB	1.500,00
MINDSPACE CIVIL NON PROFIT COMPANY	5.000,00
MINISTRY OF CITIZEN PROTECTION*	5.341,85
MINISTRY OF CULTURE EMPLOYEES ASSOCIATION*	234,50
MK SAILING LIMITED	55.000,00
MUNICIPALITY OF AIGALEO	4.000,00
MUNICIPALITY OF CHALANDRI*	938,00
MUNICIPALITY OF DELTA	8.000,00
MUNICIPALITY OF DELTA*	2.505,18
MUNICIPALITY OF EVOSMOS-KORDELIO SOCIAL PROTECTION AND SOLIDARITY CENTER	500,00
MUNICIPALITY OF KARDITSA	400,00
MUNICIPALITY OF KIFISSIA*	2.400,00
MUNICIPALITY OF MEGALOPOLI*	2.016,13
MUNICIPALITY OF NEA IONIA*	1.200,00
MUNICIPALITY OF PALLINI	7.200,00
MUNICIPALITY OF PENTELI*	3.283,00
MUNICIPALITY OF PIRGOS	5.000,00
MUNICIPALITY OF RAFINA-PIKERMI*	32.080,00
MUNICIPALITY OF TRIPOLI	2.500,00
MUSEUM FOR THE MACEDONIAN STRUGGLE FOUNDATION	2.000,00
NATIONAL AND KAPODISTRIAN UNIVERSITY OF ATHENS	30.000,00
NATIONAL OPERA	49.500,00
NATURAL HISTORY MUSEUM OF METEORA & MUSHROOM MUSEUM PRIVATE COMPANY	3.000,00
NEOS VOUTZAS ATHLETIC CLUB - "PROODOS"	3.000,00
NOMIKI BIBLIOTHIKI S.A.	2.000,00
OFFSEC SERVICES LIMITED	1.032,87
OLOI MAZI BOROUME*	1.407,00
PANHellenic EXPORTERS ASSOCIATION	9.500,00
PENTELI SWIMMING CLUB	500,00
PIRAEUS MEDICAL ASSOCIATION	600,00
PNOE-FRIENDS OF CHILDREN INTENSIVE CARE	12.558,00
PUBLIC AFFAIRS & NETWORKS SINGLE ENTITY PRIVATE COMPANY	7.000,00
RHODES BICYCLE CLUB- "RODILIOS"	1.500,00
RUNNERS' CLUB OF PIERIA - "ZEUS"	300,00
SAINT FILOTHEI OF ATHENS - GIRL'S HOME	50,00
SCH. COM. PRIM. EDUC. MUNICIPALITY OF ELLINIKO - ARGIROUPOLI*	817,82
SMALL VINTNERS ASSOCIATION OF GREECE	3.000,00
SOCIAL COOPERATIVE COMPANY ART	1.500,00
SOCIETY FOR MACEDONIAN STUDIES	5.000,00
SOLID WASTE MANAGEMENT ASSOCIATION OF MAGNESSIA PREFECTURE	1.500,00
SOS CHILDREN'S VILLAGES GREECE	200,00
SPECIAL VOCATIONAL TRAINING CENTER - "ESTIA"	1.000,00
ST. ANTHONY'S COLLEGE	29.157,92
SWIMMING ACADEMY PRIVATE COMPANY	10.000,00
THE GREEK TOURISM CONFEDERATION - "SETE"	72.580,65
THE SMILE OF THE CHILD	500,00
THESSALONIKI CHAMBER OF COMMERCE	5.000,00
THESSALONIKI CONSULATE*	1.000,00
THORACIC DISEASES GENERAL HOSPITAL OF ATHENS "SOTIRIA"	1.000,00
TOURISM ASSOCIATION OF MYTHIMNA	850,00
TRAFIGURA MAR.VENTURES LTD - HELLENIC BRANCH	2.000,00
UNION OF HELLENIC POLICE OFFICERS OF ILEIA PREFECTURE	2.200,00
UNIVERSITY OF CRETE SPECIAL RESEARCH FUND	1.200,00
UNIVERSITY OF PATRAS SPECIAL RESEARCH FUND	4.000,00
UNIVERSITY OF PIREAUS RESEARCH CENTRE	3.000,00
URBAN LAND INSTITUTE	3.000,00
WORKING PARTY OF GENERAL HOSPITAL OF XANTHI	750,00
WORLD HUMAN FORUM	3.000,00
TOTAL	1.350.467,66

NOTES:

1. Not including charges for Greek Government and in favor of third parties (V.A.T., etc), total amount € 248.163,18.
2. Where (*) relates to grants / donations in kind.

INFORMATION UNDER PARAGRAPH 2 OF ARTICLE 6 OF L.4374/2016 REGARDING INDIVIDUALS	
	AMOUNTS WITHOUT TAX
599 VALEDICTORIANS OF THE PROGRAM "THE GREAT MOMENT FOR EDUCATION"	479.200,00
8 INDIVIDUALS	17.000,00
TOTAL	496.200,00

FIXED ASSETS DONATIONS	
NAME	ITEM
ASSOCIATION OF PARENTS & GUARDIANS 2nd PRIMARY SCHOOL OF KOUFALIA	ELECTRONIC EQUIPMENT
ASSOCIATION OF PARENTS & GUARDIANS 3rd HIGH SCHOOL OF ARGIROUPOLI	ELECTRONIC EQUIPMENT
ASSOCIATION OF PARENTS & GUARDIANS 7th NURSERY AND PRIMARY SCHOOL OF PALLINI	OFFICE FURNITURE, OTHER EQUIPMENT
ASSOCIATION OF PARENTS & GUARDIANS 7th PRIMARY SCHOOL OF KIFISIA	OFFICE FURNITURE, ELECTRONIC EQUIPMENT
ASSOCIATION OF PARENTS & GUARDIANS 8th PRIMARY SCHOOL OF SIKES OF THESSALONIKI	ELECTRONIC EQUIPMENT
ASSOCIATION OF PARENTS & GUARDIANS NURSERY SCHOOL OF ST. LOUKAS OF ALIVERI	ELECTRONIC EQUIPMENT
ASSOCIATION OF PELOPONNESE PEOPLE OF KAMATERO "O GEROS OF MORIA"	ELECTRONIC EQUIPMENT
ATRAPOS SPORTS CLUB	OFFICE FURNITURE
CHAMBER OF CHIOS	OFFICE FURNITURE, TELECOMMUNICATIONS EQUIPMENT
GENERAL HOSPITAL OF IKARIA "AGIOS PANTELEIMON"	ELECTRONIC EQUIPMENT
GENERAL HOSPITAL PREFECTURE OF ARGOLIDA	ELECTRONIC EQUIPMENT
HEALTH CENTRE OF ARIDAIA	ELECTRONIC EQUIPMENT
ILISIAKOS SPORTS CLUB	ELECTRONIC EQUIPMENT
LOCAL COMMUNITY OF MATARAGKA	ELECTRONIC EQUIPMENT
LOCAL ORGANIZATION OF LANDSCAPE UPGRADE IN VOIRANI	ELECTRONIC EQUIPMENT
MANAGEMENT BODY OF PROTECTED AREAS OF CYCLADES	OFFICE FURNITURE, ELECTRONIC EQUIPMENT
MINISTRY OF CITIZEN PROTECTION (DEPARTMENT OF IMMIGRANT MANAGEMENT, HELLENIC POLICE, P.D. OF KROPIA, P.D. OF MESSOLOGHI, FIRE SERVICE OF THESSALONIKI)	OFFICE FURNITURE, ELECTRONIC EQUIPMENT
MINISTRY OF DEFENCE (KEEM, KETX, GES/G2, SPECIAL PARATROOPERS' DEPARTMENT, 2116 MKTE, COMMAND CENTRE (IV MP "PELOPONNESE"), 50 BATTALION SUPPORT, KETH, AMMUNITION BATTALION, 111 CW, 296 MKTE STONES OF LARISA, II M/K INFANTRY TROOPS, CENTER FOR SUPPLY AND TRANSPORT, SALAMIS NAVAL BASE FUEL DEPARTMENT, CENTRE OF STRATONOMY TRAINING, 24 SQUADRON OF MIDDLE ARTILERY, IV INFANTRY DIVISION, 2/39 REGIMENT OF EVZONES)	OFFICE FURNITURE, ELECTRONIC EQUIPMENT, TELECOMMUNICATIONS EQUIPMENT
MUNICIPALITY OF ACHARNES	OFFICE FURNITURE, ELECTRONIC EQUIPMENT
MUNICIPALITY OF KAISARIANI	ELECTRONIC EQUIPMENT
MUNICIPALITY OF LAGADA	ELECTRONIC EQUIPMENT
MUNICIPALITY OF LIVADIA	OFFICE FURNITURE, ELECTRONIC EQUIPMENT
NATIONAL FLIGHT COORDINATION AUTHORITY	OFFICE FURNITURE
POLICEMEN UNION OF ARGOLIDA	OFFICE FURNITURE, ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF ALMOPIA	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF ARISTOTELIS CHALKIDIKI	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF ATHENS	OFFICE FURNITURE, ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF @HALKIDA	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF @HANIA	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF DIONISOS	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF EDESSA	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF EGALEO	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF GEORGIOS KARAIKAKIS	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF GLIFADA	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF HERACLION OF CRETE	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF ILION	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF ILIOUPOLI	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF KALLITHEA	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF KIMI - ALIVERI	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF KORDELIO - EVOSMOS	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF KORINTHIA	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF LAGKADA	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF LAMIA	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF LIMNOS	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF LIVADIA	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF NAFPAKTIA	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF NIKAIA	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF PETROUPOLI	OFFICE FURNITURE, ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF PIRAEUS	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF @BREVEZA	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF @IKYONA	OFFICE FURNITURE
SCH. COM. PRIM. EDUC. MUNICIPALITY OF SACRED TOWN OF MESSOLONGHI	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF ST. ANARGIRI - KAMATERO	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF THERMI	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF THESSALONIKI	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF VIRONAS	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF ACHARNES	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF AGIA PARASKEVI	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF ARGOS - MYKINES	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF ARIDAIA	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF ATHENS	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF GLIFADA	OFFICE FURNITURE

FIXED ASSETS DONATIONS	
NAME	ITEM
SCH. COM. SEC. EDUC. MUNICIPALITY OF ILIOUPOLI	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF KORIDALLOS	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF N.IONIA	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF NAFPAKTIA	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF NIKAIA - RENTI	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF PAIANIA	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF ST. ANARGIRI - KAMATERO	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF THESSALONIKI	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF TRIKALA	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF VOLOS	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF XILOKASTRO	ELECTRONIC EQUIPMENT
SECOND CHANCE SCHOOL OF NEA PROPONTIDA	ELECTRONIC EQUIPMENT
UNION OF EMPLOYEES MUNICIPALITY OF PIRAEUS	ELECTRONIC EQUIPMENT
UNION OF PEOPLE OF AGIOS DIMITRIOS OF MONEMVASIA	ELECTRONIC EQUIPMENT
WOMENS' ASSOCIATION OF EVRITANIA	ELECTRONIC EQUIPMENT

The above table relates to Bank's fixed assets Donations with residual value € 125,03.