EUROBANK ERGASIAS SERVICES AND HOLDINGS S.A.

FINANCIAL REPORT
for the period from
January 1st to June 30th, 2020

According
to article 5 of Law 3556/30.4.2007

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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 2020, which have been prepared in accordance with the applicable accounting standards, present fairly the assets, liabilities, equity and results of the Eurobank Ergasias Services and Holdings S.A. 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.

Athens, 15 September 2020

Georgios P. Zanias	**Fokion C. Karavias**	**Konstantinos V. Vassiliou**
I.D. No AI – 414343	I.D. No AI - 677962	I.D. No AI - 576967
CHAIRMAN OF THE BOARD OF DIRECTORS	CHIEF EXECUTIVE OFFICER	DEPUTY CHIEF EXECUTIVE OFFICER

II. Report of the Directors for the six months ended 30 June 2020

REPORT OF THE DIRECTORS

The directors present their report together with the accounts for the six months ended 30 June 2020 that have been reviewed by the Company's external auditors.

General information

On 20 March 2020, the demerger of Eurobank Ergasias S.A. (Demerged Entity) through the banking sector's hive down and its transfer to a new credit institution that has been established under the corporate name "Eurobank S.A." (the Bank) was completed. Following the above, the corporate name of the Demerged Entity has been amended to "Eurobank Ergasias Services and Holdings S.A." (the Company). The Company holds the 100% of the share capital of the Bank and has maintained activities that 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 (see further information in the section "Corporate Transformation-Hive down").

Financial Results Review and Outlook[1]

In the first half of 2020, the outbreak of covid-19 pandemic posed substantial uncertainties in the short-term economic prospects of Greece and the other countries in which the Company and its subsidiaries (the Group) have a substantial presence. Nevertheless, the Group completed successfully its Non Performing Exposure (NPE) reduction acceleration plan and continued the efforts to enhance its organic pre-provision profitability and support its clients in the new conditions set since the start of 2020.

As at 30 June 2020, total assets increased by €2.2bn to €67.0bn (Dec. 2019: €64.8bn) with gross customer loans reaching €38.1bn (Dec. 2019: €44.5bn), following the classification of a mixed portfolio consisting primarily of NPEs of ca. €7.3bn gross book value as held for sale (project "Cairo") and investment securities amounting to €9.8bn (Dec. 2019: €8.0bn). Out of the total loan portfolio, €30.3bn has been originated from Greek operations (Dec. 2019: €36.9bn) and €7.8bn from international operations (Dec. 2019: €7.6bn). Business (wholesale and small business) loans stood at €21.7bn (Dec. 2019: €25.5bn) and accounted for 57% of total Group loans, while loans to households reached €15.2bn (Dec. 2019: €17.8bn), of which 78% is the mortgage portfolio and the rest are consumer loans. Finally the loan portfolio includes €1.1bn senior notes of the Pillar securitization. Group deposits reached €45.2bn (Dec. 2019: €44.8bn) with deposits from Greek operations increasing by €0.3bn to €32.7bn (Dec. 2019: €32.4m), while those from International operations remained stable at €12.4bn. As a result, the (net) loan–to–deposit (L/D) ratio further improved to 81.6%[2] for the Group (Dec. 2019: 83.2%) and to 89.6%[2] for Greek operations (Dec. 2019: 92.5%). Since March 2020, the European Central Bank (ECB) has introduced a series of measures such as reduction in rates and relaxed eligibility criteria for the participation in its targeted long term refinancing operations (TLTROs) in order to support the liquidity conditions of the banking system and to facilitate the provision of credit to households and firms. In this context, the Group increased the borrowing from ECB's TLTROs by €6.1bn amounting to €8.0bn as at 30 June 2020 (Dec. 2019: €1.9bn) (note 21 of the consolidated financial statements).

Within a challenging external environment, pre-provision Income (PPI) increased to €720m or €501m excluding the gain of €219m on disposal of Financial Planning Services S.A. (FPS) in early June 2020 (first half of 2019: €474[3]m), while core pre-provision income (Core PPI) increased by 8% year-on-year to €435m (first half of 2019: €403[3]m). Net interest income (NII) slightly grew by 0.6% to €689m (first half of 2019: €685m), carrying the positive effect from the decreased funding cost of Eurosystem and market borrowing as well as reduced clients' deposits rates, which are offset by the decline in business loan spreads and lower income from NPEs. Net interest margin (NIM) stood at 2.09% (first half of 2019: 2.28%) with the second quarter reaching 2.10%. Fees and commissions expanded by 15.7% to €180m (first half of 2019: €156m) due to the higher rental income, as a result of the merger with Grivalia, and fees from capital markets and assets management business. Trading and other activities recorded net income of €285m (first half of 2019: €71m income), including a) €219m gain on disposal of FPS, b) €56m net income on bonds, equities and derivatives positions, and c) €14m gain from fair value adjustments in newly acquired investment properties. Operating expenses decreased by 0.8% at a Group level to €434m (first half of 2019: €438[3]m) and by 4.7% in Greece to €321m (first half of 2019: €337[3]m), mainly due to lower staff costs. The cost to income (C/I) ratio for the Group reached 46.4%[1] (first half of 2019: 48.0%[1,3]), while the International Operations C/I ratio stood at 47.0%[1] (first half of 2019: 37.8%[1,3]).

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[1] Definitions of the selected financial ratios and the source of the financial data are provided in the Appendix.

[2] Pro-forma with the recognition of Cairo senior notes of €2.4bn in total loans.

[3] Restated due to the change in accounting policy regarding the measurement of investment property from cost to fair value model (note 2.2 of the consolidated financial statements).

In early June 2020, the Group proceeded with the closing of the "Cairo" (sale of 20% of mezzanine/ 50.1% of junior Cairo securitizations' notes) and "Europe" (sale of 80% of Eurobank FPS) transactions, which signals the completion of its accelerated NPE reduction plan. As a result, following the classification of the underlying securitised loan portfolio of €7.3bn (consisting primarily of NPEs) as held for sale as at 30 June 2020, the Group NPEs were reduced to €6.2bn (31 December 2019: €13.0bn) driving the NPE ratio to 15.3%[2] (31 December 2019: 29.2%) and the NPE coverage ratio to 60.6% (31 December 2019: 55.3%). During the period, the NPE formation was negative by €82m (first half of 2019: €321m negative). The loan provisions (charge) reached €1,780m or €272m excluding the impairment loss of €1,509m on Cairo transaction recognized in the second quarter of 2020, and corresponded to 1.44%[1] of average net loans (first half of 2019: €348m or 1.90%).

Furthermore, the Group recognised in the first half of 2020 other impairment losses, provisions and restructuring costs amounting to €29m (first half of 2019: €95[3]m), of which a) €5m impairment and valuation losses on real estate properties, b) €9m impairment losses on investment bonds mainly attributable to purchase transactions c) €4m provisions for litigations and other operational risk events, d) €5m cost for Voluntary Exit Schemes (VES) that were designed for the Group's employees in Greece and e) €6m other restructuring costs mainly related to the Bank's transformation plan.

<u>Profit or Loss</u>
Overall, in the first half of 2020, the adjusted net profit amounted to €176[1]m (first half of 2019: €97[1,3]m) for the Group, of which €82m (first half of 2019: €99[3]m) was related to International business. The loss attributable to shareholders, including the loss of the Cairo transaction of €1,509m, the gain (after tax) of FPS disposal of €173m and the restructuring costs (after tax) of €8m, amounted to €1,166m (first half of 2019: €32[3]m gain), as set out in the consolidated income statement on page 2.

Going forward, the Group, having dealt with the NPE legacy issue, enhances its ability to deal with the current severe challenges due to covid-19 pandemic and focuses primarily on the support of its clients, households and businesses, to overcome the challenging juncture, the protection of its asset base and the resilience of its pre-provision profitability mainly through the following initiatives and actions:

a) Provision of the necessary liquidity to the viable and cooperative clients mainly through payment moratoria programs and new loan disbursements by fully utilising the State support initiatives (e.g. TEPIX II programme and the Guarantee Scheme),
b) Preserving the operational continuity of the Group and the service level of the customers in a "work remotely" environment; active promotion of the utilization of advanced electronic transaction channels,
c) Improving the funding structure with increase of deposits, further access to the markets and utilization of Eurosystem financing facilities leading to reduced funding costs,
d) Growth of fee and commission income in a number of fee business segments such as the asset management activities and the rental income from the investment property portfolio,
e) Initiatives for pursuing further operating efficiency and proceeding with further simplification and digitalisation in Greece and abroad,
f) Launch in September 2020 of a new VES for eligible units in Greece, which will be offered to employees over a specific age limit. The new VES will be implemented through either lump-sum payments or long term leaves during which they will be receiving a percentage of a monthly salary, or a combination thereof (note 25 of the consolidated financial statements).

<u>Capital adequacy</u>
As at 30 June 2020, the Group's Total Regulatory Capital amounted to €6.7bn (31 Dec 2019: €8bn), including the aforementioned net losses of €1,336m related to the transformation plan, and accounted for 15.8% (total CAD) of Risk Weighted Assets (RWA) (Dec. 2019: 19.2%), compared to 2020 CAD Overall Capital Requirements (OCR) ratio of 14.05%[4]. Respectively, the Common Equity Tier 1 (CET1) stood at 13.3% of RWA (Dec. 2019: 16.7%) compared to 2020 CET1 OCR ratio of 9.24%[4] (instead of 10.58%[4] required in the pre-covid-19 outbreak). Pro-forma with the derecognition of Cairo loans, the total CAD and CET1 ratios would be 15.5% and 13% respectively. At the same date, the fully loaded CET 1 ratio (based on the full implementation of the Basel III rules in 2025) would be 11.0% or 11.2% on a pro-forma basis with the derecognition of the Cairo loans (Dec. 2019: 14.6%).

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[4] The 'Overall capital requirement (OCR)' is the sum of the total SREP capital requirement (TSCR) and the combined capital buffer requirement.

In response to the covid-19 outbreak, on 12 March 2020, the ECB announced a number of measures to ensure that its directly supervised banks can continue to fulfil their role in funding the real economy. Specifically, Banks will be allowed, among others, to operate below the level of capital defined by the Pillar 2 Guidance and the Combined Buffer Requirement until at least the end of 2022, as per the latest ECB's communication issued on 28 July 2020. Banks will also be allowed to partially use capital instruments that do not qualify as CET1 capital, for example Additional Tier 1 or Tier 2 instruments, to meet the Pillar 2 Requirements (P2R).

Furthermore, on 24 June 2020 the Regulation 2020/873 (CRR quick fix) introduced targeted amendments to the Capital Requirements Regulation (CRR) to encourage banks to continue lending during the covid-19 pandemic, including the extension by two years of the transitional arrangements for IFRS 9 and further relief measures, allowing banks to add back to their regulatory capital any increase in new expected losses provisions that they recognize in 2020 and 2021 for their financial assets, which have not been defaulted (note 4 of the consolidated financial statements).

2020 European Union (EU) – wide stress test postponed to 2021

An EU - wide stress test was announced by the European Banking Authority (EBA), launched in January 2020, to assess the resilience of EU banks to an adverse economic shock. The 2020 EU-wide stress test consisted of two stress-testing exercises – the EBA EU-wide stress test and the ECB SREP stress test – the results of which would be factored into its overall assessment within the 2020 Supervisory Review and Evaluation Process (SREP). The scope of the 2020 ECB SREP stress test would complement the 2020 EBA EU-wide stress test in order to address those ECB supervised entities which are not included in the 2020 EBA EU-wide stress test. Eurobank would participate in the ECB SREP stress test of 2020.

These supervisory stress tests had the following objectives:

a) Provide an input to the SREP assessment process,
b) Fostering banks' own stress testing and risk management capabilities,
c) Providing an assessment of banks' risks profiles with a view to identifying vulnerabilities both for individual banks and horizontally,
d) Enhancing market discipline and contributing to market confidence.

On 12 March 2020, the EBA and the ECB decided to postpone the stress test exercises to 2021 to mitigate the impact of covid-19 on the EU banking sector and thus allow banks to focus on and ensure continuity of their core operations, including support for their customers. In July 2020, the EBA announced that the 2021 EU-wide stress test exercise is expected to be launched at the end of January 2021 and its results to be published at the end of July 2021.

Corporate Transformation-Hive down

In November 2018, the Group announced its transformation plan aiming to enable the former to deal with the challenging non-performing loans (NPEs) reduction targets, achieve a significant balance sheet de-risking and focus on the core banking business. The aforementioned transformation plan included the merger with Grivalia, which was completed in April 2019, and the NPEs reduction Acceleration Plan comprising the steps described below:

a) In June 2019, the Group, through the special purpose financial vehicle (SPV) 'Pillar Finance Designated Activity Company', issued senior, mezzanine and junior notes of total value of ca. €2bn, via a securitization of NPEs, which were fully retained by the Group. In September 2019, the Group sold the 95% of the above-mentioned mezzanine and junior notes to Celidoria S.A R.L. Upon the completion of the above sale, the Group ceased to control the SPV and de-recognized the underlying loan portfolio in its entirety, on the basis that it transferred substantially all the risk and rewards of the underlying loan portfolio's ownership. In addition, the Group recognized the retained notes, i.e. 100% of the senior, 5% of the mezzanine and junior notes, on its balance sheet.

b) In June 2019, the Group, through its special purpose financing vehicles (SPVs) 'Cairo No. 1 Finance Designated Activity Company', 'Cairo No. 2 Finance Designated Activity Company' and 'Cairo No. 3 Finance Designated Activity Company', issued senior (Class A), mezzanine (Class B1 and B2) and junior (Class C1 and C2) notes of total value of ca. €7.5bn, via a securitization of a mixed portfolio consisting primarily of NPEs, which were fully retained by the Group. The control of the SPVs resides with the majority holder of Class B1. Accordingly, the Group, being the sole holder of the issued notes, controlled the SPVs and continued recognizing the underlying loan portfolio on its balance sheet on the basis that it retained substantially all risks and rewards of ownership.

c) On 20 March 2020, the demerger of Eurobank Ergasias through the hive down of the banking business sector and the establishment of a new company-credit institution under the corporate name 'Eurobank S.A.' was completed (as detailed in Hive Down section below). At the aforementioned date, Eurobank S.A. assumed, inter alia, 100% of the senior, 5% of the mezzanine and junior notes of the Cairo securitization. The rest of the Cairo notes, i.e. 95% of the mezzanine and junior notes, remained with Eurobank Holdings. The transaction had no accounting impact on the Group's consolidated financial statements. On 23 March 2020, the distinctive title of Eurobank Ergasias was amended to Eurobank Holdings.

d) In December 2019, Eurobank Ergasias announced that it has entered into binding agreements with doValue S.p.A. for: (i) the sale of 80% of its subsidiary Eurobank FPS Loans and Credits Claim Management S.A. transferred to Eurobank S.A as part of the assets transferred though the hive down process and (ii) the sale of the 20% of the mezzanine (representing the 80% of Class B1) and 50.1% junior notes of the aforementioned Cairo Securitization in exchange for a cash consideration of €14m. In June 2020 the sale was completed.

Upon the sale of 20% of the mezzanine notes, which effectively represents the majority stake of Class B1, the Group ceased to control the SPVs and the related Cairo real estate companies, i.e. Cairo Estate I Single Member S.A, Cairo Estate II Single Member S.A, Cairo Estate III Single Member S.A. Furthermore, being the holder of 100% of senior, 80% of mezzanine and 49.9% of junior notes, the Group, continued to recognize the underlying loan portfolio on its balance sheet on the basis that it continued to retain substantially all risks and rewards of ownership.

e) On 15 June 2020, Eurobank Holdings, following a decision by the Board of Directors, proceeded to the contribution of the retained Cairo notes, i.e. 75% of the mezzanine and 44.9% of the junior notes along with an amount of €1.5m in cash to its Cyprus-based subsidiary company Mairanus Limited, which shall be renamed to 'Cairo Mezz Plc', in exchange for the newly-issued shares of the above mentioned subsidiary. Based on the valuation, according to the provisions of Article 17 of Law 4548/2018, the fair value of the shares received by Eurobank Holding amounted to €57.5m consisting of the fair value of the contributed Cairo notes of €56m and the cash amount of €1.5m. The abovementioned BoD decision for the contribution of the Cairo notes retained by Eurobank Holdings initiates the distribution process and clearly demonstrates Management's commitment to the specific plan for the notes' distribution as the last step of the Group's Corporate Transformation Plan, and eventually the Cairo loan portfolio derecognition. Accordingly, as at 30 June 2020, the Group proceeded with the re-measurement of the loan portfolio's expected credit losses in accordance with its accounting policy for the impairment of financial assets and classified as held for sale the underlying loan portfolio in accordance with the provisions of IFRS 5 'Non current assets held for sale and discontinued operations'. The impairment loss of €1,509m recognized in the second quarter of 2020, was based on the fair valuation of the notes retained by the Group as at 30 June 2020.

f) On 7 July 2020, the Board of Directors of Eurobank Holdings proposed to the General Shareholders' Meeting the distribution of Mairanus Limited shares to Eurobank Holding's shareholders through the decrease in kind of its share capital. Subject to prior receipt of the relevant approvals, Mairanus Limited shares are expected to be listed to the Alternative Market (ENA) of the Athens Stock Exchange. On 28 July 2020, the General Shareholders' Meeting approved the decrease in kind of Eurobank Holdings' share capital via the decrease of the nominal value of each ordinary share. The impact from the distribution of Mairanus Limited shares to Eurobank Holding's shareholders, i.e. the reduction by an equal amount of €57.5m of Eurobank Holding's share capital along with the related costs directly attributable to the equity transaction of circa €1m, will be recorded in the third quarter of 2020.

Further information related to the ownership distribution of Cairo notes and the total expected equity impact for the Group following the completion of all steps involved, as described in points (b) to (f) above, is provided in note 31 to the consolidated financial statements.

Hive down
On 28 June 2019, the BoD of Eurobank Ergasias ("Demerged Entity") decided the initiation of the hive down process of the banking sector of the Demerged Entity and its transfer to a new company-credit institution that would be established ("the Beneficiary"). On 31 July 2019, the BoD of Eurobank Ergasias 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 would involve the hive-down of the banking sector of Eurobank Ergasias, to which the assets and the liabilities are included, as described on the transformation balance sheet of the hived-down sector as at 30 June 2019 ("Transformation Date"). In accordance with the Draft Demerger Deed, Eurobank Ergasias retained the 95% of Pillar mezzanine and junior notes which in September 2019 were sold to a third party investor, as well as the participation in Pillar DAC and the related Pillar real estate entity.

On 31 January 2020, the Demerged Entity's Extraordinary General Shareholders' Meeting (EGM) resolved, among others: a) the approval of the aforementioned demerger of Eurobank Ergasias through the banking sector's hive down and the establishment of a new company-credit institution under the corporate name "Eurobank S.A.", b) the approval of the Draft Demerger Deed as well as the Articles of Association of the Beneficiary, as they were approved by the Demerged Entity's BoD and c) the adjustment of the Articles of Association of the Demerged Entity which would cease to be a credit institution by amending its object and corporate name, as was also approved by its BoD. On 20 March 2020, the demerger of Eurobank Ergasias through the banking sector's hive down and the establishment of a new company-credit institution ("Demerger") under the corporate name "Eurobank S.A" as well as the Articles of Association of the Beneficiary were approved by virtue of the decision of the Ministry of Development and Investments Number 31847/20.03.2020, which was registered on the same day in the General Commercial Registry. At the aforementioned date: a) the Demerged Entity becomes 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 as at 30 June 2019 and formed up to 20 March 2020, day of the Demerger's completion. On 23 March 2020, the Articles of Association of the Demerged Entity were amended with the decision of the Ministry of Development and Investments, Number 32403/23.03.2020, which was registered on the same day in the General Commercial Registry. According to article 1 of the Articles of Association, the corporate name and the distinctive title of the Demerged Entity is amended to "Eurobank Ergasias Services and Holdings S.A." and "Eurobank Holdings" respectively. The date of change of the Company's corporate name and distinctive title in the Athens Exchange was set for 24 March 2020.

In accordance with the Demerger Deed, Eurobank Holdings maintained 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, Eurobank Holdings retained the 95% of Cairo mezzanine and junior notes, the preferred securities and the participations in certain subsidiaries including Be Business Exchanges S.A., Cairo DACs and Cairo real estate entities. In case of any assets or liabilities that would not be possible to be transferred, in the context of the above mentioned Draft Demerger Deed, the Demerged Entity undertakes the obligation to collect or liquidate the assets in accordance with the Beneficiary's instructions whereas the Beneficiary undertakes the obligation to indemnify the Demerged Entity for the settlement of the liabilities including any arising costs or losses. Accordingly, the Beneficiary, receives the remaining assets (including 100% of Cairo senior and 5% of mezzanine and junior notes that were recognized at fair value) and liabilities that constitute the banking sector, by issuing shares to the Demerged entity.

In addition, considering that the obligations of the Demerged Entity arising from the Tier 2 Subordinated Capital Instruments were not transferred to the Beneficiary, the latter pursuant to the terms of the Draft Demerger Deed has explicitly and irrevocably undertaken to fulfil the relevant obligations. In that context, on 20 March 2020, the Beneficiary issued a subordinated instrument of equivalent terms with those of TIER 2 mentioned above, which was fully subscribed by the Demerged Entity (note 31 to the consolidated financial statements).

Response to the impact of the covid-19 crisis

The coronavirus (covid-19) outbreak posed substantial uncertainties and risks for both the macroeconomic environment and the ability of numerous businesses to operate under the restrictive measures, including lockdowns, adopted to contain the virus expansion. The Group is committed in mitigating risk of business disruption due to Covid-19 imminent threat and through an established governance framework, an action plan aligned with its strategic goals, as well as the necessary agility, plans and prepares for large-scale outbreaks of dangerous disease that can potentially affect its operations for months and threaten the workforce directly. In this context, the Group has immediately adapted its operational model to address Covid-19 pandemic in order to protect the health and safety of its employees and customers, to ensure the Business Continuity of critical banking operations, to invest further in digitalization promoting actively the utilization of advanced electronic transaction channels and to support its customers, business and households. The main actions/initiatives undertaken by the Group were the following:

1. Customer support measures

During the pandemic crisis, the Group has launched a series of initiatives, aiming to actively support its customers (Corporate, Small/Medium enterprises and Individuals).

a. Covid-19 relief measures ('moratoria')

The Covid-19 relief measures provided by the Group to the eligible borrowers are mainly in the form of:

i. arrears capitalization, payment holidays (instalment payment moratorium for Mortgage/Consumer lending portfolios and capital re-payment moratorium for the Small Business/Wholesale lending portfolios), deferred from three to nine months and subject to renewal based on the outcome of the crisis, along with the extension of the respective loans' maturity and
ii. support measures specifically addressed to one of the most affected Greek industries - hoteling, the main features being the principal payments' deferral up to 31 December 2021, the disbursement of new working capital facilities and the continuation of the financing of the already approved capital investments.

As at 30 June 2020, the Group approved moratoria on the performing (including performing forborne) Greek lending portfolio, amounted to €5bn, of which 47% relate to the Mortgage/Consumer lending portfolio, 23% to the Small Business and 30% to the Corporate lending portfolio. In addition, as at 30 June 2020, for the Group's foreign subsidiaries (mainly Cyprus, Bulgaria and Serbia), the public moratoria measures, as those were enacted by the local regulations, amounted to €2.3bn.

The priority of the Group is to take timely actions to minimize any negative effect when the moratoria measures begin to expire. On that basis, the Group is customizing the existing array of solutions to provide loan products offerings that would allow the borrowers to both maintain the benefit from the subsided instalments and gradually return to the original, pre-Covid outbreak payment levels.

b. Government support measures

In addition to the relief measures provided by the Group (as described above), the government in the countries where the Group operates has initiated various programs, in order to stimulate liquidity and economic activity and to alleviate the consequences of the covid-19 outbreak. Such measures involve the suspension of tax payments and social security contributions, financial compensations for employees in companies directly affected by the lock down, as well as, government guarantees, co-financing and subsidized interest payments for new disbursements and subsidized installment payments on existing loans, secured with borrowers' primary residence collaterals.

The main programs to be extended to eligible borrowers in Greece include:

i. State participation (40%) zero-interest bearing for newly disbursed loans, accompanied with a government-subsidy for the interest owed on the rest (60%) of the principal for the first 2 years (i.e. the sub-program of "Business Financing - Entrepreneurship Fund II (TEPIX II) in cooperation with the Hellenic Development Bank),
ii. State aid in the form of a guarantee for the 80% of the principal and the accrued interest during a period of 90 consecutive days. The Bank participates into the newly established Guarantee Fund Covid-19, which is co-financed by the European Regional Development Fund (ERDF) and the Greek State,

iii. Disbursement of new loans financed by the European Investment Bank (EIB) which has not been enacted yet,
iv. Three-month government interest subsidy program to eligible corporate borrowers on existing lending facilities, which could be opted in combination with the other covid-19 relief measures,
v. ''Bridge'' subsidy program applicable to the Retail portfolio for loans secured with prime residence collateral. The subsidy program will be leveraged to act as a liaison between moratoria and a return to full payment normalization and will be combined (wherever applicable) with other remedial solutions. It will last for 9 months, which will be followed by a probation period (ranging from 6 to 18 months depending on the status of the borrower) with a claw back clause for borrowers that do not duly pay their instalment. The subsidy period will follow the moratorium period.

As of 30 June 2020, for the main government support measures mentioned above, the Bank has been allotted €0.4bn for new lending agreements where the government co-finance (40%) the loans' disbursement and subsidy interest (i. and iv. above) and €0.8bn for new government guaranteed loans (ii. above).

In addition, the payment date of the post-dated cheques is postponed by 75 days for legal entities and professionals affected by the pandemic.

c. Operational capacity

Leveraging on its capabilities, the Group has been proactive and hands-on to addressing all issues at an early stage, and in particular, to adjust its strategy and to improve its operational capacity in order to effectively deal with the increasing credit and operational risk as a result of the pandemic. To this end, the Group has designed and implemented a broad set of initiatives covering all major areas. In summary, the Group:

i. Deployed sufficient IT resources and completed additional IT projects in order to enable the uninterrupted access to the Group's IT systems and to ensure the continuous monitoring of the Group's portfolios, to accurately and timely identify and classify customers affected by the pandemic, and to fully comply with regular and ad-hoc regulatory requests,
ii. Developed new policies and guidelines on credit underwriting and credit risk management, taking into account industry-wide relief measures and solutions originated by the Group,
iii. Enhanced and expanded its credit risk monitoring and reporting capabilities to address the specific needs and risks associated with the Covid-19 pandemic. This included, among others, the development of new, comprehensive management reports,
iv. Proceeded with granular portfolio segmentation, enabling the grouping of borrowers with similar characteristics, who require similar treatment. To this extent, special processes and solutions were designed for each segment,
v. Defined a set of emergency relief measures that will apply to specific segments that have been affected by the Covid-19 pandemic crisis. These include moratoria to Households, Professionals and Corporates; Short and Medium/Long term solutions,
vi. Reorganized its operations and staff (Credit Underwriting Sectors and Branch Network) to effectively accommodate the customer applications for the various programs,
vii. Developed capacity plans, which are validated and monitored on a regular basis, for the identification and the early management of borrowers with financial difficulties.

d. Utilization of digital channels and provision of covid-19 focused products and services

The Group proceeded with the strengthening of existing digital channels infrastructure to continuously support increasing customer volumes with the relevant provision of new services to its customers:

i. Eurobank customers, through e-Banking and the open banking service Account Aggregation, can have on their computer screen, through a secure interface, the overall picture of the balances, as well as the movements, in deposit accounts and credit cards they maintain in any Greek systemic bank.
ii. The launch of the new Eurobank Mobile App service, Cards Control, through which credit card, debit and prepaid cardholders acquire a range of card control and transaction facilitation services.
iii. V-Banking capabilities for Corporate and Personal Banking customers

2. Employees protection measures

In line with authorities' instructions and recommendations, the Group has taken all the required measures to protect the health and safety of its employees and customers. Towards this direction, the following actions were taken:

a. Prohibition of large meetings and bans on business travel abroad and opting instead, where possible, for teleconferencing or videoconferencing.
b. Enhancement of remote work capabilities (teleworking)covering 4,500 users and providing flexibility in decreasing / increasing staff physical presence in the Bank's premises, with all of the Bank's units being fully operational and seamless at all levels. Under the emergency measures, remote access was ensured for around 60% of workers on average, which amounts to up to 80% in some central services. Special care was given, since the beginning of the pandemic, to employees belonging to vulnerable groups, through their immediate removal from workplaces.
c. At the same time, the reserves model was adopted, both for precautionary reasons to protect the employees' health, as well as to reduce overcrowding and interaction with customers in the workplace.
d. All buildings were preventively disinfected, staff were provided with all required protective supplies (e.g. masks, disinfectants, etc.) while continuous, intensified and thorough cleaning of workplaces (especially the branch network) including ATMs was carried out.
e. In order to support all employees, a new Help Line was set up by a specialized team of doctors while the existing Helpline was strengthened, where experienced psychologists offer assistance in all matters that concern employees. Bank covers expenses on Molecular tests, for employees that have visited during their summer leave designated high risk Regions and need to be physically present at Bank premises.

3. Support the Public Health System

Eurobank in line with the national effort to cope with the pandemic crisis proceeded to the donation of healthcare equipment and material to support the Public Health System in the midst of the covid19 pandemic. In particular, Eurobank reached an agreement with the Ministry of Health and proceeded with the supply of hospital equipment and sanitary material at the suggestion of the competent bodies.

International Activities

The Group has a significant presence in four countries apart from Greece. In Cyprus it offers Corporate Banking, Private Banking, International Business Banking, and Shipping services, while in Luxembourg it provides Private Banking and Corporate Banking services. In Bulgaria and Serbia, it operates in Retail and Corporate Banking, Wealth Management and Investment Banking through a network of 291 branches and business centres. Additionally, the subsidiary bank in Luxembourg operates a branch in London.

The Group's International Operations adjusted to the new conditions thus maintaining client base, safeguarding the health of the employees and continue offering high quality services to the clients and invest further in digitalization. Relief measures ('moratoria') were introduced during the pandemic crisis caused by the Covid-19 in the region. The Group's International Operations adopted the relief measures and all the relevant activities were successfully implemented.

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, assess and monitor these risks in a timely manner and evaluates their impact on meeting its corporate objectives.

Due to the fact that the 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 these changes. The Group'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 the Group's compliance with the requirements of the European Central Bank (ECB), the Single Supervisory Mechanism (SSM) and the Single

Resolution Mechanism (SRM), with the guidelines of the European Banking Authority (EBA) and the Basel Committee Banking Supervision (BCBS) 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 outlines the Group's overall direction regarding risk and capital management issues, 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.

The maximum risk that 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 articulated by means of quantitative and qualitative statements, which also include specific tolerance levels, both in terms of each risk type and 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 assisting 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 framework. The BRC assesses the Group's risk profile, monitors compliance with the approved risk appetite and risk capacity thresholds, and ensures that the Group has developed a 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 five (5) 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 needed.

The Management Risk Committee (MRC) is a management committee established by the Chief Executive Officer (CEO) and 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 reports to the BRC on topics related to risk and their management. 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 submitted to BRC for approval.

The Group's Risk Management General Division is headed by the Group Chief Risk Officer (GCRO), operates independently from the business units and is responsible for monitoring credit, market, operational and liquidity risks. It consists of the Group Credit General Division (GCGD), the Group Credit Control Sector (GCCS), the Group Credit Risk Capital Adequacy Control Sector (GCRCACS), the Group Model Validation & Governance Sector, the Group Market & Counterparty Risk Sector (GMCRS), the Group Operational Risk Sector (GORS), the Group Strategic Planning and Operations Unit and the Supervisory Relations & Resolution Planning Division (with dual reporting line to the Group Chief Financial Officer).

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 following the "four-eyes" principle and specific guidelines stipulated in the Credit Policy Manual and the Risk Appetite Framework. The segregation of duties ensures independence among executives responsible for the customer relationship, the approval process and the loan disbursement, as well as the loan monitoring during its lifecycle. The credit approval process in Corporate Banking is centralised through establishment of Credit Committees with escalating Credit Approval Levels, which assess and limit to the extent possible the corporate credit risk. Rating models are used in order to determine the credit rating of corporate customers, which reflects the underlying credit risk. 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). Credit risk assessment is performed by GCGD, which evaluates the operational and financial profile of the customer, validates the borrower's rating and assesses the credit requests submitted by the Business Units and the respective risk factors for the Bank.

The approval process for loans to Small Businesses (turnover up to €5m) is also centralised following specific guidelines and applying the 'four-eyes' principle. The assessment is based on an analysis of the borrower's operational characteristics and financial position. The credit approval process for Individual Banking (consumer and mortgage loans) is also centralised based on specialized credit criteria, taking into account the financial position of the borrowers, the payment behaviour, the personal wealth 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 deviations that may arise, lead to an immediate adjustment of the credit policy and procedures, when deemed necessary. The quality of the Group's loan 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.

<u>Market Risk</u>

The Group has 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 (IRRBB) 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.

<u>Liquidity Risk</u>

The Group is exposed on a daily basis to liquidity risk 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 aim of operational risk management is to ensure the integrity of the Group's operations and its reputation by mitigating its impact. To manage operational risk more efficiently, the Group operates an Operational Risk Management Framework, which defines its approach to identifying, assessing, monitoring and reporting operational risks.

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

The Heads of each Business Unit have the primary responsibility for the day-to-day management of operational risk arising in their units and for the adherence to relevant controls. An Operational Risk Unit operates in every subsidiary of the Group, being responsible for applying the Group's operational risk strategy and framework.

Each Business Unit has appointed an Operational Risk Partner (OpRisk Partner) who is responsible for coordinating the internal operational risk management efforts of the Business Unit while acting as a liaison to Group Operational Risk Sector and the local Operational Risk Unit.

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, 5 and 22 to the consolidated financial statements for the year ended 31 December 2019.

Non Performing Exposures (NPEs) management

A strategic priority for the Group remains the active and effective management of NPEs with the aim to further reduce the NPEs stock in accordance with its operational targets agreed with the supervisory authorities, leveraging the external strategic partnership that it has entered into, and the important legislative changes that have taken or are expected to take place.

Following the completion of corporate transformation (Hive-down) on 20 March 2020 and in accordance with the "Europe" and "Cairo" transactions on 5 June 2020, the Group entered into a strategic partnership with doValue S.p.A. for the management of its NPEs. In particular, the Group assigned the management of its remaining NPE portfolio to doValue Greece Loans and Credits claim Management S.A. ("doValue Greece") through a 14-year Service Level Agreement ("SLA") for the servicing of its NPEs and retail early arrears, as well as any future production of them. The Group retains the business ownership and responsibility for the performance of the NPEs and manages the relationship with doValue Greece through a structured governance and a solid control framework. In this context, a dedicated Eurobank Holding's team devises the NPE reduction plan, actively sets the strategic principles and KPIs framework under which doValue Greece manages the portfolio, closely monitors the execution of the approved strategies and service level agreements and ensures compliance with regulatory requirements.

For the effective management of its loan portfolio in 2020, the Bank makes full use of all Greek State measures to support its clients to address the covid-19 pandemic crisis. These measures include the subsidy for 9 consecutive months of loan instalment secured by a primary residence ("Bridge" program), the provision of new working capital loans, covered by the Hellenic Development Bank (EAT) guarantee (participation in the "Business Guarantee Fund COVID - 19") and the interest rate subsidy (for 2 years) from the EAT of working capital loans in the framework of the action "Business financing - TEPIX II". In addition, payment moratoria have been granted by the Greek Banks since end March 2020 in order to support borrowers that face financial difficulties due to the pandemic; moratoria may be extended until the end of 2020 following a decision by the Hellenic Bank Association.

Operational targets for Non-Performing Exposures (NPEs)
In March 2020, the SSM after taking into account the extraordinary circumstances due to the covid-19 pandemic, informed Eurobank that the submission of its new NPE Management Strategy for the period 2020-22 has been postponed from end of March to end of September 2020.

Pursuant to Law 4649/2019, on 25 February 2020, Eurobank submitted to the Ministry of Finance two applications for opting-in to the Hellenic Asset Protection Scheme (“HERCULES”) of the Cairo I and Cairo II securitisations and on 15 May 2020 of the Cairo III securitization, which were approved on 23 July 2020. With the closing of the Cairo transaction early June 2020 and the subsequent classification of the underlying securitised loan portfolio of €7.3bn (consisting primarily of NPEs) as held for sale (notes 13 and 15 to the consolidated financial statements), the Group reduced significantly its NPE stock by €6.8bn to €6.2bn (Dec. 2019: €13.0bn), driving the NPE ratio at 15.3%[5] as at 30 June 2020 (Dec.2019: 29%).

In March and April 2020, EBA and the ECB announced guidelines aiming to mitigate the impact of the covid-19 pandemic on the EU banking sector stating among others that there is flexibility in the implementation of the EBA Guidelines on management of non-performing and forborne exposures. Additionally, the EBA called for a close dialogue between supervisors and banks, also on their non-performing exposure strategies, on a case by case basis.

Legal framework
A new protection scheme on primary residence was voted by the Greek Parliament in March 2019 (Law 4605/2019), aimed 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. The scheme expired in July 2020, instead of April 2020 as initially scheduled, after which the Government has announced that it will duly devise a comprehensive Individual and companies Insolvency framework. The new code for insolvency, which integrates the existing corporate and personal insolvency regimes, is currently under consultation and is expected to be voted in October 2020 and be effective as of 1 January 2021.

Other transactions on Non-performing loans
In the first quarter of 2020, Eurobank Bulgaria A.D. entered into an agreement for the disposal of non-performing corporate and retail loans. Accordingly, loans with gross carrying amount of €19.2m, which carried an impairment allowance of €10.6m, were classified as held for sale. The transaction was completed in April 2020.

Macroeconomic Outlook and Risks
In the first half of 2020, the outbreak of covid-19 pandemic and the measures adopted to contain the virus expansion define the economic environment in Greece and globally.

In the context of the Enhanced Surveillance (ES) scheme, the first six consecutive quarterly reviews were successfully completed by July 2020. Greece received ca €2.6bn from the ES financial envelope in three disbursements, in May 2019 (€1.0 bn), in January 2020 (€0.8bn) and in July 2020 (€0.8bn). The conclusion of the 7th ES review is expected in September 2020.

[5] Pro-forma with recognition of Cairo senior notes of €2.4bnm in total loans

Based on Hellenic Statistical Authority (ELSTAT) provisional data, the real GDP growth rate in second quarter 2020 decreased by 15.2% on an annual basis, as a result of a significant drop in total consumption expenditure, investments and exports, while the respective figure for the first quarter 2020 was at -0.5%. According to the European Commission's 2020 Summer forecasts, real GDP growth for Greece is expected at -9.0% and 6.0% for 2020 and 2021 respectively. Based on ELSTAT data, the unemployment rate in May 2020 was at 17.0% from 16.3% and 18.5% in December 2019 and December 2018 respectively while according to the EC's spring economic forecasts (May 2020), unemployment – in the post-covid-19 period – is expected at 19.9% and 16.8% for 2020 and 2021 respectively. Based on ELSTAT data, the harmonized index of consumer prices-(HICP) in July 2020 was at -1.8% (July 2019: 0.0%), whereas on an annual basis, according to the EC's spring economic forecasts (May 2020) the HICP for 2020 and 2021 is expected at -0.6% and 0.5% respectively from 0.5% in 2019.

On the fiscal front, the primary balance for 2019 was positive at 3.5% of GDP. According to the EC's spring economic forecasts (May 2020), the primary balance is expected at -3.4% and 0.6% of GDP for 2020 and 2021 respectively, significantly lower than the respective ES targets (3.5% of GDP for both years), as a result of the public support aiming to address the economic effects of the covid-19 pandemic. The deviation from the ES primary surplus target of 3.5% of GDP for both 2020 and 2021 will not be considered a violation of Greece's commitments undertaken in the ES framework. On 4 March 2020 Eurogroup decided that non-permanent deviations from the agreed fiscal paths of the member-states, due to unusual effects outside the control of their governments (i.e. the effects of the pandemic), are acceptable. The aforementioned primary balance figures might change significantly as a result of the actual size of the public sector's support measures aiming to address the economic effects of the Covid-19 pandemic and the reduction in tax revenues due to the Government's relevant moratoria and the decline of economic activity may bring about.

The Greek government as of mid-August 2020 planned measures aiming to address the economic effects of the Covid-19 pandemic which include, among others: (a) income subsidies for employees, the suspension of taxes and social security contributions for firms and free lancers during the lockdown period and the immediate period following it as well as the abolishment of the advance tax payment for 2021, (b) interest rates subsidies for firms that remained closed during the lock down period as well as mortgage loans subsidies to households and (c) additional measures for the period June-October 2020 including employment subsidies, suspension of tax payments for businesses that remained closed by law during the said period and the reduction of VAT rates for certain goods and services. According to the January – July 2020 Budget execution data the actual cost of the measures implemented thus far was at €5.0 bn.

On top of these measures, the liquidity support for the economy via the various EC, European Stability Mechanism (ESM) and European Investment Bank (EIB) initiatives amounts to €10.3bn and includes, among others, loan guarantees (€7.0bn) and SMEs loans (€1.3bn). The ECB's Pandemic Emergency Purchase Programme (PEPP) amounts to ca €1,350bn, out of which ca €28bn will be available for the purchase of Greek public and private sector securities. According to the EU Council held on 21 July 2020, the total amount available for the EC's recovery fund – namely the Next Generation EU (NGEU) fund – is at €750bn out of which ca €32bn will be available for Greece, provisionally divided to €19.4bn in grants and €12.7bn in loans. The respective amount for the Multiannual Financial Framework 2021-2027 (MFF) is at €1,100bn, out of which the amount that will be available for Greece is ca €40bn. The interim report on the new growth plan for Greece is already under public consultation – a prerequisite for any disbursement from the NGEU fund. The final version of the report is expected in September 2020 and its submission to the EC is anticipated in October 2020.

On the public debt front, according to the EC's spring economic forecasts (May 2020), and following the implementation of the medium-term debt relief measures, Greek debt is expected at 196.4% and 182.6% of GDP in 2020 and 2021 respectively. These figures are subject to change conditional on the size of the 2020 primary balance and the economic performance of the country for the said year.

On 24 July 2020, Fitch affirmed its stable outlook for Greece with the respective rating remaining unchanged at BB, despite the expected negative impact of the covid-19 crisis on economic activity, the fiscal and external sector developments. Standard & Poors, on 24 April 2020 revised its outlook for Greece from positive to stable due to the expected adverse effects of the covid-19 pandemic. Moody's sovereign rating for Greece (1 March 2019) improved at B1 from B3 previously, although the sovereign's rating is still below the investment grade. However, the progress made from 2018 onwards, together with the recent inclusion to the ECB's PEPP, led to the improvement of the yield of the Greek 10-year bonds to 1.09% on 31 July 2020 compared to 1.46% on 31 December 2019, and 4.40% on 31 December 2018. On the back of this environment, on January 2020, the Greek Public Debt Management Agency (PDMA) issued a 15-year bond of €2.5bn at a yield of 1.9%. On 15 April 2020, amid the Covid-19 lockdown, the PDMA issued a 7-year bond of €2.0bn at a yield of 2.013%. On 9 June 2020, the PDMA issued a 10-year bond of €3.0bn at a yield of 1.568%. More recently, on 2 September 2020, the PDMA raised €2.5bn via the re-opening of the aforementioned 10-year bond at a historic low yield of 1.187%. Additionally, according to the ECB's decision notified to the Bank on 6 March 2020, it has been concluded that the reasons to impose sovereign limits on the Greek banks' (including Eurobank) exposure towards the Hellenic Republic have ceased to exist and therefore its previous decision on those limits has been repealed.

According to the Bank of Greece's data, the private sector domestic credit balance at the end of July 2020 stood at €147.2bn from €159.9bn at the end of July 2019 registering an annual decrease of 8.0%. The respective credit amount at the end of December 2019 was at €153.8bn registering an annual decrease of 9.5%. A significant part of this deleveraging was due to the reduction of the stock of NPEs. On the other side of the ledger, private sector domestic deposits amounted to €151.5bn at the end of July 2020 from €138.6bn at the end of July 2019, registering an annual increase of 9.3%. The respective amount at the end of December 2019 was at €143.1bn registering an annual increase of 6.4%.

As of late August, upon the lift of covid-19 restrictive measures, a new rise of infections, hospitalizations and fatalities related to covid-19 per country across the Central Eastern Southeastern Europe (CESEE) region has shown up in the official statistics, posing significant uncertainties over the economic outlook for the second half of 2020. In any case, by comparison with other regions or countries across the world after five months in the covid-19 pandemic, the broader CESEE region seems to have largely addressed so far the spread of covid-19 more successfully than Western Europe and USA. In order to achieve that, CESEE governments imposed measures to contain the virus' expansion (e.g. tough social distancing measures, ban on travelling and quarantine measures). Some of those measures have been reinstated recently in order to prevent further spread of the covid-19 pandemic. The evidence from national accounts data in the second quarter 2020 show that the CESEE economies are poised to go through a deep recession in 2020.

Having expanded by 3.4% in 2019, the economy of Bulgaria was broadly expected to continue growing in 2020 before the onset of the covid-19 crisis. Yet, the negative signs from the unprecedented global shock are already visible as GDP growth contracted by 8.2% Year-on-Year in the second quarter of 2020 compared to an expansion of 2.4% Year-on-Year in the first quarter of 2020. Despite the recent spike in number of infections and casualties related to the covid-19, the overall handling of the pandemic is considered overall successful so far. However, the adopted lockdown measures will most probably have significant negative economic impact. According to EC's summer economic forecasts (July 2020), the economy of Bulgaria is expected to contract by 7.1% in 2020 and then to rebound by 5.3% in 2021. In any case, the country's healthy fiscal position allows for optimism that there is room for the implementation of expansive fiscal policies in order to mitigate the impact of the crisis. In this context, the parliament has endorsed, among others, a revision of the budget deficit target to BGN3.5bn or 2.9% of GDP, and has approved an increase in the ceiling on newly incurred public debt by BGN10bn in 2020, up from BGN2.2bn previously, in order to support the economy. Moreover, under the EU Council decision on 20 July 2020 for the new instrument NGEU and the MFF, the country is expected to receive a total of €29bn or 47.5% of 2019 GDP, placing Bulgaria among the countries benefitting the most from EU support. On the monetary front, a €2bn swap line has been established between the ECB and the Bulgaria National Bank that will enable the latter to receive liquidity in Euros in exchange for BGN, securing additional stability for the currency board. Finally, the BGN became a part of the Exchange Rate Mechanism (ERM2) at the existing currency board foreign exchange rate on 10 July 2020. BGN's participation in the ERM2 is an important milestone in the country's efforts to join the euro area at the earliest in 2023.

In Cyprus, the timely and consistent response of local authorities to the deepening covid-19 crisis averted a health crisis with numbers of infections and the death toll remaining very low until now by comparison to the other EU countries. Nevertheless, the impact of the covid-19 pandemic is expected to be detrimental, with stricter lockdown and social distancing measures putting the economy under stress. According to the EC's summer economic forecasts (July 2020), the economy is headed to contract by 7.7% in 2020, before rebounding strongly by 5.3% in 2021, in line with Euroarea. To mitigate the impact of the covid-19 crisis, the government has adopted so far a financial support package worth 15% of GDP in fiscal and liquidity support measures. Moreover, in April and July 2020 Cyprus was among the first to tap international markets raising a combined amount of €2.75bn at relatively low yields to address the increased gross borrowing needs for the years 2020 and 2021, taking advantage of the ECB intervention through the PEPP. In addition, Cyprus will become the first country to tap the ESM's Pandemic Crisis Support fund (up to 2% of 2019 GDP) to cover its increased healthcare expenditures. Under the EU Council decision in late July following the EC's €750bn proposal in late May for the NGEU and the MFF, Cyprus could have access to more than €2.7bn or 12.4% of 2019 GDP in funds.

Having expanded by a strong rate above 4% in the last two years, the economy of Serbia is expected to be hit severely by the covid-19 pandemic in 2020 but should rebound strongly in 2021. According to the latest available EC's economic forecasts, the economy is forecasted to contract by 4.1% in 2020 before rebounding to 6.1% in 2021. The country entered the covid-19 crisis with significant low imbalances allowing for the authorities to compile a support package of 11% of GDP-among the largest in emerging Europe-to contain the pandemic's negative economic impact. Moreover, the government has decided to apply for aid from the EU Solidarity fund under the same conditions as an EU member state. The new government, elected in the parliamentary elections in late June 2020, rescheduled from late April, will ensure policy continuity in the medium-term. Finally, 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. Even though the program which is set to conclude in January 2021 requires an adjustment of the PCI objectives, it still provides a valuable policy anchor going forward.

With regard to Brexit, the UK formally left the EU on 31 January 2020 following the ratification of the Withdrawal Agreement and entered as of 1 February 2020 a transition period, set to last until 31 December 2020, giving the government time to come in full agreement with the EU on the principles governing the future EU/UK relationship. During that period, the UK will maintain privileges and obligations as if it were an EU member state but will lose representation and voting rights in EU institutions. The main risk for Greece from the UK's exit stems from the external balance of goods and services between the two countries.

Regarding the outlook for the next 12 months, the major macroeconomic risks and uncertainties in Greece relate with the outbreak of covid-19 pandemic and are as follows: (a) the evolution of the health crisis including the probability of a second, more severe, pandemic wave during 2020 or in early 2021, and its negative effect on the domestic, regional and / or global economy, despite the fact that a further country wide-lockdown is highly unlikely b) the actual size of the fiscal measures aiming to address the effect of the pandemic on the real economy and their effect on the long-term sustainability of the country's public debt, (c) the pace of the economy's recovery in 2021 (d) the effective utilization of the NGEU and MFF funds and the attraction of new investments in the country, (e) the implementation of the reforms and privatizations' agenda in order to meet the ES targets and milestones, and (f) the geopolitical conditions in the near or in broader region.

Materialization of the above covid-19 related and other risks would have potentially adverse effects on the fiscal planning of the Greek sovereign and on the liquidity, solvency and profitability of the Greek banking sector, as well as on the realization of their Non Performing Exposures (NPE's) reduction plans. The Group is continuously monitoring the developments on the covid-19 front and has increased its level of readiness, so as to accommodate decisions, initiatives and policies to protect its capital and liquidity standing as well as the fulfilment, to the maximum possible degree, of its strategic and business goals for the quarters ahead, focusing primarily on the support of its clients to overcome the challenging juncture, the protection of its asset base and the resilience of its pre-provision profitability.

On the other hand, the decisive implementation of the reforms agreed in the context of the ES, the efficient mobilization of EU funding via the NGEU and the MFF 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 30 June 2020, the total share capital of Eurobank Ergasias Services and Holdings S.A. (Eurobank Holdings) amounted 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 2020, the number of Eurobank Holdings shares held by the Group's subsidiaries in the ordinary course of their business was 1,815,804 (31 December 2019: 2,815,312) (note 26 to the consolidated financial statements).

As at 30 June 2020, the percentage of the ordinary voting shares of Eurobank Holdings held by the Hellenic Financial Stability Fund (HFSF) amounted to 1.40%. It is noted that, according to the Law 3864/2010 as in force, the HFSF has restricted voting rights[6].

On 7 July 2020, the Board of Directors of the Company proposed to the General Shareholders' Meeting the distribution of Mairanus Limited shares to Company's shareholders through the decrease in kind of its share capital. Following the above, on 28 July 2020, the General Meeting of the Shareholders of the Company approved among others:

a) The decrease of the share capital in kind with the decrease in the nominal value of each ordinary share issued by the Company by € 0.0155 and distribution to the shareholders of the Company of shares issued by Mairanus Limited, which shall be renamed to "Cairo Mezz Plc" (Issuer), with a value corresponding to the value of the share capital decrease, i.e. 309,096,821 common shares issued by the Issuer, each common registered share of nominal value €0.10, at a ratio of 1 share of the Issuer for every 12 shares of the Company already held. Under the condition of prior receipt of the relevant approvals, the shares of the Issuer are expected to be listed on the Alternative Market (ENA) of the Athens Stock Exchange.
b) The capitalization of taxed reserves amounting to €20,400,390.19 for the purpose of rounding the new nominal value of each ordinary share issued by the Company.

<u>Share options</u>
In addition, the aforementioned General Meeting of the shareholders of the Company:

a) approved the establishment of a five year shares award plan, starting from 2021, in the form of stock options rights by issuing new shares with a corresponding share capital increase, awarded to executives (of the Management) and personnel of the Company and its affiliated companies. The maximum number of rights that can be approved will be 55,637,000 rights, each of which will correspond to one new share, i.e. in case all option rights are exercised up to 55,637,000 new common registered shares of the Company in total will be allocated, corresponding to 1.5% of the current paid share capital. The exercise price of each new share is equal to the nominal value of the share, i.e. € 0.23.
b) authorized the Board of Directors of the Company to determine the remaining terms and conditions of the plan.

Dividends
Based on the 2019 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, as in force, for the "establishment of a Hellenic Financial Stability Fund", for as long the HFSF participates in the share capital of Eurobank Holdings, the amount of dividends that may be distributed to shareholders of Eurobank Holdings 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 demerged, as mentioned above, Eurobank Ergasias S.A. (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.

It is noted that Mr. Theodoros Kalantonis, Deputy Chief Executive Officer and Executive Member of the BoD, submitted his resignation, effective as of 3 April 2020. Furthermore, the BoD, at its meeting of 8 April 2020, appointed Ms. Alice Gregoriadi and Ms. Irene Rouvitha Panou as new independent non-executive members, in replacement of the resigned independent non-executive members Mr. Richard Boucher and Mr. Nikolaos Bertsos, and their term of office will expire concurrently with the term of office of the other members of the BoD, i.e. on 10 July 2021, prolonged until the end of the period the AGM for the year 2021 will take place.

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

The BoD of Eurobank Holdings is set out in note 34 to the consolidated financial statements. Personal details of the Directors are available on the website of Eurobank Holdings (www.eurobankholdings.gr).

Related party transactions
As at 30 June 2020, the Group's outstanding balances of the transactions and the relating net income / expense for the first half of 2020 with (a) the key management personnel (KMP) and the entities controlled or jointly controlled by KMP are: compensation €3.8m, receivables €4.0m, liabilities €22.3m, guarantees received €0.02m, guarantees issued €0.01m, net expense €6.6m, (b) the Fairfax group are: receivables €7.4m, liabilities €1.0m, net income €1.9m and (c) the associates and joint ventures are: receivables €80.6m, liabilities €148.4m, guarantees issued €2.0m net expense €7.5m.

At the same date, the Company's outstanding balances of the transactions and the relating net income / expense for the first half of 2020 with (a) the KMP and the entities controlled or jointly controlled by KMP are: compensation €1.7m and net expense €3.1m, (b) the Fairfax group are: net income €1.1m, (c) the associates and joint ventures are: liabilities €1.8m and net expense €2.1m, and (d) the subsidiaries are: receivables €960m and net expense €5.1m.

In addition, as at 30 June 2020, the Bank's subgroup outstanding balances of the transactions and the relating net income / expense for the period 20 March – 30 June 2020 with (a) the key management personnel (KMP) and the entities controlled or jointly controlled by KMP are: compensation €2.0m, receivables €4.0m, liabilities €22.3m, guarantees received €0.02m, guarantees issued €0.01m, net expense €3.7m, (b) the Fairfax group are: receivables €7.4m, liabilities €1.0m, net income €0.8m, (c) the associates and joint ventures are: receivables €80.6m, liabilities €146.6m, guarantees issued €2.0m net expense €5.5m and (d) the Eurobank Holdings S.A.: receivables €0.04m , liabilities €974m, net expense €6.2m.

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 33 to the consolidated financial statements and note 19 to the financial statements of the Company.

Georgios Zanias	Fokion Karavias
Chairman	Chief Executive Officer

15 September 2020

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 2020:

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, at the end of interim quarters (for 2020) 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) **Adjusted net profit:** Net profit from continuing operations after deducting restructuring costs, Goodwill impairment and gains/losses related to the transformation plan, 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 relating to 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, at the end of interim quarters (for 2020) and at the end of the previous period),
n) **Return on tangible book value (RoTBV):** Adjusted net profit divided by tangible book value. Tangible book value is the total equity excluding preference shares, preferred securities and non controlling interests minus intangible assets.

Definition of capital ratios in accordance with the regulatory framework, which are included in the Report of Directors for the first half of 2020:

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.

The following table presents the components of the calculation of the above APMs, which are derived from the Company's consolidated financial statements for the period ended 30 June 2020 and Eurobank Ergasias consolidated financial statements for the periods ended 30 June 2019 and 31 December 2019:

Components of Alternative Performance Measures

€ million	1H20	1H19 (Restated)	FY19
Net Interest Income (1)	689	685	
Total Operating income, excluding the gain on FPS disposal (2)	935	912	
Total Operating expenses (3)	(434)	(438)	
Pre-provision income (PPI), excluding the gain on FPS disposal	501	474	
Core Pre-provision income (Core PPI)	435	403	
Net profit/(loss) from contuned operations	(1,166)	36	
Loss on Cairo transaction	(1,509)		
Gain on disposal of FPS (before tax)	219	-	
Gain on disposal of FPS (after tax)	173	-	
Restructuring costs after tax	(8)	(61)	
Non performing exposures (NPEs)	6,196		12,950
Impairment losses relating to loans and advances	(272)	(348)	
Due to customers	45,157		44,841
Gross Loans and advances to customers at amortized cost	38,117		44,406
Gross Loans and advances to customers at amortized cost-Pro-forma (4)	40,535		
Cumulative impairment allowance for loans and advances to customers	(3,700)		(7,099)
Cumulative impairment allowance for credit related commitments	(57)		(64)
Due to customers (Greek operations)	32,717		32,444
Gross Loans and advances to customers at amortized cost (Greek operations)	30,325		36,857
Gross Loans and advances to customers at amortized cost (Greek operations) - Pro-forma (4)	32,743		
Cumulative impairment allowance for loans and advances to customers (Greek operations)	(3,431)		(6,840)
Average balance of continued operations' total assets	65,856	60,200	
Average balance of net loans and advances to customers at amortised cost (5)	37,779	36,544	

(1) 2Q2020 NIM: Net interest income of the second quarter 2020 (€350m), annualised, divided by the average balance of continued operations' total assets (€66,404m).
(2) International Operations: Operating income: €240m (first half 2019: €267m). Greek operations: Operating income: €695m (first half 2019: €645m).
(3) International Operations: Operating expenses: €113m, (first half 2019 restated: €101m). Greek operations: Operating expenses: €321m, (first half 2019 restated: €337m).
(4) Pro-forma for Cairo senior note recognition.
(5) The average balance of loans and advances to customers measured at amortized cost, has been calculated as the arithmetic average of their balances at the end of the reporting period (30 June 2020: €38,267m, including loans classified as HFS of €2,341m and cairo loss of €1,509m), at the end of interim quarter (31 March 2020: €37,763m) and at the end of the previous period (31 December 2019) €37,307m. The respective amount for the balances as at 30 June 2019: €36,914m, including loans classified as HFS of €1,142m and as at 31 December 2018: €36,173m.

Source of financial Information

The Directors' Report includes financial data and measures as derived from the Company's interim consolidated financial statements for the six months ended 30 June 2020 and Eurobank Ergasias consolidated financial statements for the periods ended 30 June 2019 and 31 December 2019, which have been prepared in accordance with International Financial 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 Company, 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 8).

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

KPMG Certified Auditors S.A.
3 Stratigou Tombra Street
Aghia Paraskevi
153 42 Athens, Greece
Telephone: +30 210 60 62 100
Fax: +30 210 60 62 111

Independent Auditor's Report on Review of Condensed Interim Financial Information

To the Shareholders of
Eurobank Ergasias Services and Holdings S.A.

Report on the Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying interim consolidated balance sheet of Eurobank Ergasias Services and Holdings S.A. (the "Company") as at 30 June 2020 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 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 2020 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, 15 September 2020

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

Harry Sirounis, Certified Auditor Accountant
A.M. SOEL 19071

IV. Interim Consolidated Financial Statements for the six months ended 30 June 2020

EUROBANK ERGASIAS SERVICES and HOLDINGS S.A.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

30 JUNE 2020

8 Othonos Street, Athens 105 57, Greece

www.eurobankholdings.gr, Tel.: (+30) 214 40 61000

General Commercial Registry No: 000223001000

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Selected Explanatory Notes to the Interim Consolidated Financial Statements

Interim Consolidated Balance Sheet

	Note	30 June 2020 € million	31 December 2019 € million
ASSETS			
Cash and balances with central banks		**3,943**	4,679
Due from credit institutions		**3,962**	3,007
Securities held for trading		**130**	110
Derivative financial instruments	14	**2,545**	2,262
Loans and advances to customers	15	**34,442**	37,365
Investment securities	16	**9,803**	7,951
Investments in associates and joint ventures	18	**301**	235
Property and equipment	19	**740**	746
Investment property	19	**1,370**	1,184
Goodwill and other intangible assets		**388**	378
Deferred tax assets	12	**4,719**	4,766
Other assets	20	**2,063**	2,003
Assets of disposal groups classified as held for sale	13	**2,559**	75
Total assets		**66,965**	64,761
LIABILITIES			
Due to central banks	21	**8,019**	1,900
Due to credit institutions	22	**1,914**	5,022
Derivative financial instruments	14	**3,211**	2,726
Due to customers	23	**45,157**	44,841
Debt securities in issue	24	**2,041**	2,406
Other liabilities	25	**1,153**	1,191
Liabilities of disposal groups classified as held for sale	13	**26**	8
Total liabilities		**61,521**	58,094
EQUITY			
Share capital	26	**853**	852
Share premium	26	**8,055**	8,054
Reserves and retained earnings		**(3,464)**	(2,241)
Preferred securities	27	**-**	2
Total equity		**5,444**	6,667
Total equity and liabilities		**66,965**	64,761

Notes on pages 6 to 54 form an integral part of these interim consolidated financial statements

Interim Consolidated Income Statement

	Note	Six months ended 30 June 2020 € million	Six months ended 30 June 2019 Restated[1] € million	Three months ended 30 June 2020 € million	Three months ended 30 June 2019 Restated[1] € million
Net interest income	7	**689**	685	**350**	342
Net banking fee and commission income	8	**140**	134	**67**	71
Income from non banking services	19	**40**	22	**21**	19
Net trading income/(loss)		**9**	(6)	**10**	(6)
Gains less losses from investment securities	16	**49**	44	**42**	32
Other income/(expenses)	12,13,19	**227**	33	**230**	31
Operating income		**1,154**	912	**720**	489
Operating expenses	9	**(434)**	(438)	**(214)**	(221)
Profit from operations before impairments, provisions and restructuring costs		**720**	474	**506**	268
Impairment losses relating to loans and advances to customers	10	**(1,780)**	(348)	**(1,654)**	(183)
Other impairment losses and provisions	11	**(18)**	(14)	**(6)**	(9)
Restructuring costs	11	**(11)**	(81)	**(7)**	(75)
Share of results of associates and joint ventures		**7**	3	**9**	2
Profit/(loss) before tax		**(1,082)**	34	**(1,152)**	3
Income tax	12	**(84)**	2	**(71)**	8
Net profit/(loss) from continuing operations		**(1,166)**	36	**(1,223)**	11
Net profit/(loss) from discontinued operations	13	**-**	(4)	**-**	(1)
Net profit/(loss) attributable to shareholders		**(1,166)**	32	**(1,223)**	10
		€	**€**	**€**	**€**
Earnings/(losses) per share					
-Basic and diluted earnings/(losses) per share	6	**(0.31)**	0.01	**(0.33)**	0.00
Earnings/(losses) per share from continuing operations					
-Basic and diluted earnings/(losses) per share	6	**(0.31)**	0.01	**(0.33)**	0.00

[1] The comparative information has been restated due to change in accounting policy for investment property performed in 2019 (note 2.2).

Notes on pages 6 to 54 form an integral part of these interim consolidated financial statements

Interim Consolidated Statement of Comprehensive Income

	Six months ended 30 June				Three months ended 30 June			
	2020		2019 Restated[(1)]		**2020**		2019 Restated[(1)]	
	€ million		€ million		**€ million**		€ million	
Net profit/(loss)		**(1,166)**		32		**(1,223)**		10
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	**(7)**		1		**(5)**		1	
- transfer to net profit, net of tax	**(2)**	**(9)**	(11)	(10)	**(1)**	**(6)**	(5)	(4)
Debt securities at FVOCI								
- changes in fair value, net of tax (note 16)	**128**		447		**152**		314	
- transfer to net profit, net of tax	**(170)**	**(42)**	(216)	231	**(81)**	**71**	(102)	212
Foreign currency translation								
- foreign operations' translation differences	**0**	**0**	1	1	**(0)**	**(0)**	0	0
Associates and joint ventures								
- changes in the share of other comprehensive income, net of tax	**(9)**	**(9)**	37	37	**1**	**1**	23	23
		(60)		259		**66**		231
Items that will not be reclassified to profit or loss:								
- Actuarial gains/(losses) on post employment benefit obligations, net of tax (note 25)	**4**	**4**	-	-	**(1)**	**(1)**	-	-
Other comprehensive income		**(56)**		259		**65**		231
Total comprehensive income attributable to shareholders:								
- from continuing operations		**(1,222)**		295		**(1,158)**		242
- from discontinued operations		**-**		(4)		**-**		(1)
		(1,222)		291		**(1,158)**		241

[(1)] The comparative information has been restated due to change in accounting policy for investment property performed in 2019 (note 2.2).

Notes on pages 6 to 54 form an integral part of these interim consolidated financial statements

Interim Consolidated Statement of Changes in Equity

	Share capital € million	Share premium € million	Reserves and retained earnings € million	Preferred securities € million	Non controlling interests € million	Total € million
Balance at 1 January 2019, as restated (note 2.2)	655	8,055	(3,709)	42	0	5,043
Net profit (restated, note 2.2)	-	-	32	-	0	32
Other comprehensive income	-	-	259	-	0	259
Total comprehensive income for the six months ended 30 June 2019, as restated	-	-	291	-	0	291
Merger with Grivalia Properties REIC	197	-	890	-	-	1,087
Purchase/sale of treasury shares	(0)	(2)	(1)	-	-	(3)
Preferred securities' dividend paid, net of tax	-	-	(1)	-	-	(1)
	197	(2)	888	-	-	1,083
Balance at 30 June 2019, as restated [(1)]	852	8,053	(2,530)	42	0	6,417
Balance at 1 January 2020	**852**	**8,054**	**(2,241)**	**2**	**(0)**	**6,667**
Net profit/(loss)	-	-	(1,166)	-	0	**(1,166)**
Other comprehensive income	-	-	(56)	-	(0)	**(56)**
Total comprehensive income for the six months ended 30 June 2020	**-**	**-**	**(1,222)**	**-**	**0**	**(1,222)**
Purchase/sale of treasury shares (note 26)	1	1	(1)	-	-	**1**
Preferred securities' redemption and dividend paid, net of tax	-	-	(0)	(2)	-	**(2)**
	1	**1**	**(1)**	**(2)**	**0**	**(1)**
Balance at 30 June 2020	**853**	**8,055**	**(3,464)**	**-**	**0**	**5,444**
	Note 26	Note 26		Note 27		

[(1)] The comparative information has been restated due to change in accounting policy for investment property performed in 2019 (note 2.2).

Notes on pages 6 to 54 form an integral part of these interim consolidated financial statements

	Note	Six months ended 30 June 2020 € million	2019 Restated[(1)] € million
Cash flows from continuing operating activities			
Profit/(loss) before income tax from continuing operations (note 2.2)		**(1,082)**	34
Adjustments for :			
Impairment losses relating to loans and advances to customers	10	**1,780**	348
Other impairment losses, provisions and restructuring costs (note 2.2)	11	**29**	95
Depreciation and amortisation (note 2.2)	9	**53**	55
Other (income)/losses on investment securities	29	**(16)**	10
(Income)/losses on debt securities in issue	29	**9**	38
Valuation of investment property	19	**(14)**	-
Other adjustments	29	**(221)**	(33)
		538	547
Changes in operating assets and liabilities			
Net (increase)/decrease in cash and balances with central banks		**96**	(69)
Net (increase)/decrease in securities held for trading		**(20)**	(76)
Net (increase)/decrease in due from credit institutions		**(392)**	(542)
Net (increase)/decrease in loans and advances to customers		**(1,199)**	(584)
Net (increase)/decrease in derivative financial instruments		**38**	144
Net (increase)/decrease in other assets		**(110)**	(137)
Net increase/(decrease) in due to central banks and credit institutions		**3,012**	(742)
Net increase/(decrease) in due to customers		**146**	1,160
Net increase/(decrease) in other liabilities		**(35)**	(14)
		1,536	(860)
Income tax paid		**(12)**	(10)
Net cash from/(used in) continuing operating activities		**2,062**	(323)
Cash flows from continuing investing activities			
Acquisition of fixed and intangible assets	19	**(204)**	(50)
Proceeds from sale of fixed and intangible assets		**9**	13
(Purchases)/sales and redemptions of investment securities		**(1,755)**	1,327
Acquisition of subsidiaries and Grivalia, net of cash acquired		**-**	450
Acquisition of holdings in associates and joint ventures and participations in capital increases	18	**(6)**	(1)
Disposal of subsidiaries, net of cash disposed	13	**211**	8
Dividends from investment securities, associates and joint ventures		**0**	4
Net cash from/(used in) continuing investing activities		**(1,745)**	1,751
Cash flows from continuing financing activities			
(Repayments)/proceeds from debt securities in issue	24	**(373)**	18
Repayment of lease liabilities		**(19)**	(20)
Redemption of preferred securities	27	**(2)**	-
Preferred securities' dividend paid	27	**(0)**	(2)
(Purchase)/sale of treasury shares		**1**	(3)
Net cash from/(used in) continuing financing activities		**(393)**	(7)
Effect of exchange rate changes on cash and cash equivalents		**0**	0
Net increase/(decrease) in cash and cash equivalents from continuing operations		**(76)**	1,421
Cash and cash equivalents at beginning of period	29	**4,551**	1,949
Cash and cash equivalents at end of period	29	**4,475**	3,370

[(1)] The comparative information has been restated due to change in accounting policy for investment property performed in 2019 (note 2.2).

Notes on pages 6 to 54 form an integral part of these interim consolidated financial statements

1. General information

On 20 March 2020, the demerger of “Eurobank Ergasias S.A.” (Demerged Entity) through the banking sector’s hive down and its transfer to a new credit institution that has been established under the corporate name “Eurobank S.A.” (the Bank) was completed. Following the above, the corporate name of the Demerged Entity has been amended to “Eurobank Ergasias Services and Holdings S.A.” (the Company or Eurobank Holdings) (note 31).

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

These interim consolidated financial statements were approved by the Board of Directors on 15 September 2020. The Independent Auditor’s Report on Review of Condensed Interim Financial Information is included in the Section III of the Financial Report for the period ended 30 June 2020.

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 endorsed 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 2019. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period or to reflect changes in the accounting policies that were applied in the year ended 31 December 2019 (note 2.2 below). Unless indicated otherwise, 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 2019, except as described below (note 2.1).

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:

2020 had begun with positive medium-term prospects for the economy in Greece and the other countries where the Group has a substantial presence, however the coronavirus (Covid-19) outbreak posed substantial uncertainties and risks for both the macroeconomic environment and the ability of numerous businesses to operate under the restrictive measures, including lockdowns, adopted to contain the virus’s expansion. The lockdown in Greece started in mid-March 2020 and was lifted through a gradual relief from 4 May 2020 onwards according to the Greek government’s plan. Based on Hellenic Statistical Authority (ELSTAT) provisional data, the real GDP growth rate in the second quarter of 2020 decreased by 15.2% on an annual basis, as a result of a significant drop in total consumption expenditure, investments and exports, while the respective figure for the first quarter of 2020 was at -0.5%. The European Commission (EC), in its 2020 summer economic forecasts (July 2020), estimated a 9% drop of real GDP in Greece in 2020, followed by a 6% recovery in 2021. According to its spring economic forecasts (May 2020) the unemployment rate is projected to increase to 19.9% in 2020 and then to fall to 16.8% in 2021 from 17.3% in 2019, while the primary balance is expected to register a deficit of 3.4% of GDP in 2020 and a surplus of 0.6% of GDP in 2021, taking into account the public support measures as of early May 2020. The deviation from the Enhanced Surveillance (ES) primary surplus target of 3.5% of GDP for both 2020 and 2021 will not be considered a violation of Greece’s commitments undertaken in the ES framework, as on 4 March 2020 Eurogroup decided that non-permanent deviations from the agreed fiscal paths of the member-states, due to unusual effects outside the control of their governments (i.e. the effects of the pandemic), are acceptable. The primary balance figures might change significantly as a result of the actual size of the public sector’s support measures and the reduction in tax revenues due to the Government’s relevant moratoria and the decline of economic activity. On 15 April 2020, amid the Covid-19 lockdown, the Greek Public Debt Management Agency (PDMA) issued a seven-year bond of € 2 billion at a yield of 2.013% and on 9 June 2020, a 10-year bond of € 3 billion at a yield of 1.568%. On 2 September 2020, the PDMA raised € 2.5 billion via the re-opening of the aforementioned 10-year bond at a historic low yield of 1.187%.

In response to the Covid-19 outbreak, there has been a monetary, fiscal and regulatory support to the economy and the banking system by both Greek Government and European authorities. In particular, the Greek government as of mid-August 2020 planned measures aiming to address the economic effects of the Covid-19 pandemic which include, among others: (a) income subsidies for employees, the suspension of taxes and social security contributions for firms and free lancers during the lockdown period and the immediate period following it as well as the abolishment of the advance tax payment for 2021, (b) interest rates subsidies for firms that remained closed during the lock down period as well as mortgage loans subsidies to households, and (c) additional measures for the period June-October 2020 including employment subsidies, suspension of tax payments for businesses that remained closed by law during the said period and the reduction of VAT rates for certain goods and services. According to the January – July 2020 Budget execution data the actual cost of the measures implemented thus far was at € 5 billion. In addition, the liquidity support for the Greek economy via the various EC, European Stability Mechanism (ESM) and European Investment Bank (EIB) initiatives amounts to ca € 10.3 billion and includes, among others, loan guarantees (€ 7 billion) and SMEs loans (€ 1.3 billion). On top of the above, the European Council on 21 July 2020 agreed a recovery package amounted to € 750 billion under the EC's Next Generation EU framework in order to support the recovery and resilience of the member states' economies, out of which ca € 32 billion will be available for Greece, provisionally divided to € 19.4 billion in grants and € 12.7 billion in loans. The respective amount for the Multiannual Financial Framework 2021-2027 (MFF) is at € 1,100 billion, of which ca € 40 billion will be available for Greece. Furthermore the ECB, on 24 March 2020 established a temporary Pandemic Emergency Purchase Programme (PEPP) with an overall financial envelope of € 750 billion which has increased to € 1,350 billion, out of which ca € 28 billion will be available for the purchase of Greek public and private sector securities. The PEPP came on top of the ECB liquidity measures of 12 March 2020 (additional Long Term Financing operations, more favorable terms for the Targeted Long Term Operations, new Asset Purchase Programme of € 120 billion).

On 12 March 2020, the ECB announced a number of temporary capital and operational relief measures to ensure that its directly supervised banks can continue to fulfil their role in funding the real economy. Banks will be allowed to use capital and liquidity buffers and cover Pillar 2 requirements with other than CET 1 instruments. On the same date the EBA decided to postpone the EU-wide stress test exercise to 2021 to allow banks to focus on and ensure continuity of their core operations, including support for their customers. The ECB stated that it supports the above EBA decision and will extend the postponement to all banks (including Eurobank S.A.) subject to the 2020 stress test (note 4). In addition, the EBA stated that there is flexibility in the implementation of the EBA Guidelines on management of non-performing and forborne exposures and called for a close dialogue between supervisors and banks, also on their non-performing exposure strategies, on a case by case basis (note 15). Furthermore, on 24 June 2020 the Regulation 2020/873 (CRR quick fix) introduced targeted amendments to the Capital Requirements Regulation (CRR) to encourage banks to continue lending during the Covid-19 pandemic (note 4).

Regarding the outlook for the next 12 months, the major macroeconomic risks and uncertainties in Greece relate with the outbreak of Covid-19 pandemic and are as follows: (a) the evolution of the health crisis including the probability of a second, more severe, pandemic wave during 2020 or in early 2021, and its negative effect on the domestic, regional and / or global economy, despite the fact that a further country-wide lockdown is highly unlikely, b) the actual size of the fiscal measures aiming to address the effect of the pandemic on the real economy and their effect on the long-term sustainability of the country's public debt, (c) the pace of the economy's recovery in 2021 (d) the effective utilization of the NGEU and MFF funds and the attraction of new investments in the country, (e) the implementation of the reforms and privatizations' agenda in order to meet the ES targets and milestones, and (f) the geopolitical conditions in the near or in broader region.

Materialization of the above Covid-19 related and other risks would have potentially adverse effects on the fiscal planning of the Greek sovereign and on the liquidity, solvency and profitability of the Greek banking sector, as well as on the realization of their Non Performing Exposures (NPE's) reduction plans. The Group is continuously monitoring the developments on the Covid-19 front and has increased its level of readiness, so as to accommodate decisions, initiatives and policies to protect its capital and liquidity standing as well as the fulfilment, to the maximum possible degree, of its strategic and business goals for the quarters ahead, focusing primarily on the support of its clients to overcome the challenging juncture, the protection of its asset base and the resilience of its pre-provision profitability. In addition, the Group, under the extraordinary circumstances of the Covid-19 pandemic, has proceeded with the successful implementation of its Business Continuity Plan to ensure that business is continued and critical operations are unimpededly performed. In line with authorities' instructions and recommendations, the Group has taken all the required measures to ensure the health and safety of its employees and customers (e.g. implementation of teleworking, restrictions to business trips, and medical supplies for protective equipment).

Within this challenging external environment, the Group proceeded with the closing of the "Cairo" (sale of 20% of mezzanine/ 50.1% of junior Cairo securitizations' notes) and "Europe" (sale of 80% of Eurobank FPS) transactions in early June 2020, which signals the completion of its accelerated NPE reduction plan announced in the fourth quarter of 2018. As a result, following the classification of the underlying securitised loan portfolio of € 7.3 billion (consisting primarily of NPEs) as held for sale (note 15), as at 30 June 2020, the Group NPEs were reduced to € 6.2 billion (31 December 2019: € 13 billion) driving the NPE ratio to 15.3% pro-forma with the recognition of Cairo senior notes (31 December 2019: 29%) and the NPE coverage ratio to 60.6% (31 December 2019: 54.5%).

As at 30 June 2020 the Group's total CAD and Common Equity Tier 1 (CET1) ratios, taking into account the effect of the loss of € 1,509 million on Cairo transaction and the gain (after tax) of € 173 million on FPS disposal, stood at 15.8% (31 December 2019: 19.2%) and 13.3% (31 December 2019: 16.7%) respectively. Pro-forma with the derecognition of Cairo loans, the total CAD and CET1 ratios would be 15.5% and 13% respectively. The adjusted net profit for the first half of 2020 amounted to € 176 million (first half 2019: € 97 million profit). Net loss for the period, including the loss of the Cairo transaction, the gain of FPS disposal mentioned above and the restructuring costs after tax, amounted to € 1,166 million. During the same period, the Group has increased its deposits by € 0.4 billion to € 45.2 billion (2019: € 44.8 billion) and the funding from the targeted long term refinancing operations of the European Central Bank – TLTRO III programme to € 8 billion (2019: € 1.9 billion). In the context of the internal liquidity stress test framework, which is part of the 2020 ILAAP (Internal Liquidity Adequacy Assessment Process), the results of the short and medium term liquidity stress tests indicate that the Bank has adequate liquidity buffer to withstand to all of the stress test scenario effects.

Going concern assessment

The Board of Directors, acknowledging the risks of the Covid-19 outbreak to the economy and the banking system and taking into account the above factors relating to (a) the measures adopted by the Greek and European authorities to mitigate the negative economic impact, (b) the Group's pre-provision income generating capacity and the adequacy of its capital and liquidity position and (c) the completion of the Group's NPE reduction acceleration plan, has been satisfied that the financial statements of the Group can be prepared on a going concern basis.

2.1 New and amended standards and interpretations adopted by the Group

The following amendments to standards and Conceptual Framework as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU), apply from 1 January 2020:

Amendments to the Conceptual Framework for Financial Reporting, including amendments to references to the Conceptual Framework in IFRS Standards

In March 2018, the IASB issued its revised "Conceptual Framework for Financial Reporting" (Conceptual Framework). The revised Conceptual Framework is not a standard nor overrides any requirements of individual standards. This replaces the previous version of the Conceptual Framework issued in 2010. Revisions performed by IASB introduced guidance on measurement, presentation and disclosure as well as on derecognition concepts. In addition, the revision includes updated definitions of an asset/liability and of recognition criteria, as well as clarifications on important areas.

Alongside the revised Conceptual Framework, the IASB has published an accompanying document "Amendments to References to the Conceptual Framework in IFRS Standards" which contains consequential amendments to affected standards so that they refer to the revised Framework.

The adoption of the amended Framework had no impact on the interim consolidated financial statements.

Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7

In September 2019, the IASB issued amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' to address the implications for certain hedge accounting requirements related to the uncertainties arising from the market-wide reform of several interest rate benchmarks (referred to as 'IBOR reform'). As a result of the IBOR reform, there may be uncertainties about: a) the interest rate benchmark designated as a hedged risk and/or b) the timing or amount of the benchmark-based cash flows of the hedged item or the hedging instrument, during the period before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an 'RFR'). The amendments modify certain hedge accounting requirements under IAS 39 or IFRS 9 in order to provide temporary reliefs from the potential effect of the uncertainty, during the transition period. These reliefs are related mainly to the highly probable requirement for the cash flow hedges, the compliance with the identifiable nature of the hedged risk component and the application of prospective and retrospective effectiveness tests.

The IASB addresses the IBOR reform and its potential effects on financial reporting in two phases. The first phase focuses on hedge accounting issues affecting financial reporting in the period before the interest rate benchmark reform, while the second phase focuses on potential issues that might affect financial reporting once the existing rates are replaced with alternative rates.

The Group has adopted Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) from 1 January 2020, while amendments have been applied retrospectively to hedging relationships that existed on that date or were designated thereafter and that are directly affected by the IBOR reform.

As described in note 2.2.3 of the consolidated financial statements for the year ended 31 December 2019, the Group elected, as a policy choice permitted under IFRS 9, to continue to apply hedge accounting in accordance with IAS 39. Therefore, the amendments to IAS 39 and IFRS 7 are applicable to the Group.

Due to the adoption of the reliefs as of 1 January 2020, the Group's hedging relationships affected by the IBOR reform continue to be accounted for as continuing hedges.

The Group will cease to apply the amendments regarding the reliefs in hedge accounting when the uncertainties arising from the IBOR reform are no longer present with respect to the timing and the amount of the interest rate benchmark rate-based cash flows of the hedged items or hedging instruments, or when the hedging relationships to which the reliefs apply are discontinued. The Group has assumed that this uncertainty will not end until the Group's contracts that reference IBORs are amended in order to specify the replacement of the interest rate benchmark as well as the date of such replacement and the cash flows of the RFR including the relevant spread adjustment.

As of 30 June 2020, the Group is exposed to a number of interest rate benchmarks within its hedge accounting relationships such as the Euribor, the USD Libor, the CHF Libor and the Euro Overnight Index Average (EONIA) with maturity beyond 2021, when the transition to the new RFRs is expected to be completed. The nominal amount of the hedging instruments designated in these hedge relationships approximates the extent of the risk exposure that the Group manages through hedging relationships.

Regarding Euribor rate, from July 2019, the index is EU Benchmarks Regulation (BMR) compliant as a critical benchmark. As of 30 June 2020, Euribor is not scheduled to be discontinued. However, contracts and financial instruments referencing Euribor need to incorporate new or improved fallback provisions in the context of the BMR, in order to reduce uncertainties in the event of a potential, temporary or permanent, index cessation. The Group monitors closely the market developments regarding the choice of Euribor fallbacks.

With respect to the EONIA transition to Euro short-term rate (€STR), the Group has assessed the required changes and has prepared detailed implementation plans for the necessary changes to its risk systems and valuation methodologies, in order to accommodate the transition to €STR and the related switch from EONIA to €STR of the discounting curves by central counterparties by end of July 2020, according to the ECB Working Group's on Euro Risk Free Rates recommendations.

The Group has set up an IBOR transition program to implement the transition to alternative interest rates that focuses on key areas of impact on customers' contracts, systems and processes, financial reporting, valuation, capital and liquidity planning and communication. In this context, an IBOR Working Group has been established (the "BR Working Group"), led by senior representatives from Units across the Bank including Economic Analysis and Research, Global Markets and Group Market and Counterparty Risk, and the participation of other Business Units and the support of Legal, Group Organization & Business Analysis (Regulatory Unit) and Group Finance Units, in order to manage the transition to the new RFRs, to mitigate any related risks and to comply with the regulatory requirements of the BMR regulation. The objectives of the BR Working Group relate mainly to the monitoring of the latest developments on the IBOR reform, assessment and evaluation of the related implications to the Group's activities, development of detailed business-level remediation plans for affected contracts, processes and systems including proper integration of the new calculation methodologies for the RFRs, transition of legacy contracts to the new IBORs and incorporation of fallback provisions in floating rate financial instruments.

In addition, the BR Working Group oversees the development of a communication strategy to all stakeholders regarding changes deriving from the IBOR Reform. The BR Working Group provides regular updates to the Group Assets Liabilities Committee and to the Board Risk Committee if required and collaborates with other business functions as needed.

The Group will continue to monitor the market developments and regulatory guidance relating to the IBOR Reform and adjust its implementation plans accordingly in order to achieve mitigation of the risks resulting from the transition.

Amendments to IFRS 3 Business Combinations

The IASB issued amendments to the definition of a business in IFRS 3 "Business Combinations" to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing inputs or processes and add guidance to help entities assess whether an acquired process is substantive. In addition, with the introduction of the amendments the definitions of a business and of outputs are narrowed, while an optional fair value concentration test is introduced.

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

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" aim to align the definition of 'material' across the standards and to clarify certain aspects of the definition. According to the new definition, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality depends on the nature or magnitude of information, or both, while an entity should assess whether information is material on its own or when combined with other information.

The definition of material in the Conceptual Framework was also amended in order to align with the revised definition in IAS 1 and IAS 8.

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

2.2 IAS 40 'Investment property' – Restatement due to change in accounting policy to fair value model performed in 2019

In the fourth quarter of 2019, the Group has elected to change its accounting policy regarding the measurement of Investment Property from cost model to fair value model according to IAS 40 "Investment property" (as described in note 2.3.2 of the consolidated financial statements for the year ended 31 December 2019). Following the aforementioned change, the investment property is carried at fair value, as determined by external, independent, certified valuators on an annual basis.

In accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors", the above change in the Group's accounting policy on Investment Property was applied retrospectively.

As a result the comparative information referring to the first half of 2019 has been restated due to the reversal of the depreciation and impairment of investment property previously recognized under the cost model in the above mentioned period. In particular, the consolidated income statement for the period ended 30 June 2019 has been restated by € 6 million profit, net of tax, increasing respectively the Group's total equity as of the same date. The table below presents the adjustments recognized for each individual line item of the consolidated income statement for the comparative period, whereas line items which were not affected by the changes have not been included.

	Six months ended 30 June 2019			Three months ended 30 June 2019		
Consolidated Income Statement	As published € million	Restatement € million	**Restated** **€ million**	As published € million	Restatement € million	**Restated** **€ million**
Operating expenses	(442)	4	**(438)**	(224)	3	**(221)**
Profit from operations before impairments, provisions and restructuring costs	470	4	**474**	265	3	**268**
Other impairment losses and provisions	(17)	3	**(14)**	(11)	2	**(9)**
Share of results of associates and joint ventures	3	0	**3**	2	0	**2**
Profit/(loss) before tax	27	7	**34**	(2)	5	**3**
Income tax	2	(0)	**2**	8	(0)	**8**
Net profit from continuing operations	29	7	**36**	6	5	**11**
Net profit attributable to shareholders	26	6	**32**	6	4	**10**

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 are the same as those applied in the consolidated financial statements for the year ended 31 December 2019, except for those that relate to the impact of the Covid-19 pandemic to the estimation of the expected credit losses (ECL) on loans and advances to customers as analyzed below, as well as, the deferred tax's recoverability assessment (note 12). Further information about the key assumptions and sources of estimation uncertainty are set out in notes 10, 12, 13, 15, 19, 25, 28 and 30.

Impairment losses on loans and advances to customers

The ECL measurement requires Management to apply significant judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining the impairment losses and the assessment of a significant increase in credit risk. The Group's ECL calculations are outputs of various synthetic models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. In addition, temporary adjustments may be required to capture new developments and information available, which are not reflected yet in the ECL calculation through the risks models.

Although the ECL calculation methodology regarding the application of three macroeconomic scenarios and their weights, remained unchanged compared to 31 December 2019, the Group revised the forward-looking information incorporated in the above scenarios, in order to capture the negative impact of the Covid-19 pandemic, based on its best estimate regarding such economic forecasts as at 30 June 2020. In addition, Management applied the appropriate level of judgement regarding its expectations for the severity and the duration of the economy's negative outlook, in line with the IASB, the European Central Bank (ECB) and other banking regulators' statements, which emphasize the need for overlays where the risk models do not capture the specific circumstances.

The elements of the ECL models that represent significant accounting judgments and estimates and which were re-visited from the latest published financial statements for the year ended 2019, in order to reflect the Covid-19 impact, include:

Determination of significant increase in credit risk – (SICR)

The Group assesses whether a SICR has occurred since initial recognition based on qualitative and quantitative reasonable and supportable forward-looking information that includes significant management judgment.

As at 30 June 2020, the Group used the same ranges of lifetime PD thresholds with those applied at 31 December 2019, for the purposes of identification of SICR in its Retail lending portfolios. In the Wholesale lending portfolios, the Group, because of the expected lag in the issuance of 2020 financial statements, that will reflect the effect of the pandemic, supplemented its existing methodology for the identification of SICR (based on credit ratings' change) by performing an additional assessment on a borrower level. In particular, high and medium risk borrowers in stage 1 that are operating in highly affected by the Covid-19 pandemic industries of the economy, were assessed by the Group in order to identify those that should be moved to stage 2.

In addition, in order to address the model's limitations in assessing whether a SICR has occurred in the Retail lending portfolio, the Group applied overlays, where appropriate, in order to distinguish between borrowers that face or will face temporary liquidity needs or may be more permanently impacted. As such, certain performing, non-forborne Retail lending exposures that would have been transferred to stage 2 due to the impact of the post Covid-19 macroeconomic forward-looking information on the respective lifetime PDs, but the borrowers have been assessed not to have experienced significant difficulties remained in stage 1 on the basis that they were neither Covid-19 affected nor high risk. Such overlays are in line with the regulators' and accounting bodies' guidance in relation to the estimation of the Covid-19 impact on ECL.

Moreover, Management continuously monitors the pandemic consequences to all sectors of the economy, in contemplation with the expected remedy effect of the government actions, in order to assess whether there is a significant increase in credit risk.

ECL measurement

Macroeconomic scenarios

The Group, in order to respond to the unprecedented circumstances of the Covid-19 crisis revised the forward-looking information used in all three macroeconomic scenarios, i.e. base, optimistic and adverse, regarding the key macroeconomic variables namely the real GDP growth rate, the unemployment rate and the property indices. The relevant weights of the above-mentioned three scenarios remained unchanged compared to 31 December 2019, i.e. 50% for base, 25% for optimistic and 25% for adverse.

Base scenario

The base scenario assumes for a gradual normalization of the economy as of the third quarter of 2020. A significant rebound of the economy has been assumed in 2021, also boosted by the use of the domestic but also EU funds, whereas on the longer term, the economy accelerates and gradually converges with the long-term potential GDP growth rates pre Covid-19. The unemployment rate remains at high level for 2020 and then starts to decrease smoothly.

Optimistic scenario

Under this scenario, the lockdown due to Covid-19 crisis is expected to be less pronounced compared to the base scenario. In particular, no second round of lockdowns are assumed both in Greece and abroad whereas a quick rebound of the economy in 2021 and a faster improvement of the unemployment ratio compared to the base scenario are considered, combined with a more efficient use of the domestic and EU funds for the economy's recovery.

Adverse scenario

The lockdown under this scenario is more pronounced than the base scenario, and either continues or is sporadically enacted throughout the following months. Consequently, the contraction of the economy in 2020 is deeper and the rebound is postponed to 2022.

Forward-looking information

For 2020, the IFRS 9 probability-weighted scenario provides for the updated macroeconomic variables for Greece and incorporates a sharp contraction in the real GDP growth rate, a significant increase in the unemployment rate and a decrease in the residential and commercial property indices. Conditional on no major negative effects in the productive capacity of the economy, and no further negative impact from the Covid-19 developments, a partial rebound in economic performance is expected in 2021. More specifically, for the period 2020-2021, the net decline in the real GDP growth rate stands at 2.5% and the net decrease in residential and commercial property indices at 3.0% and 4.0%, respectively, while the unemployment rate is expected at 18.7% at the end of 2021. For comparison purposes, the 2020-2021 forecasts in the pre-Covid-19 environment were for a net increase in real GDP growth rate, residential and commercial property indices of 4.7%, 7.9% and 8.3%, respectively, while the unemployment rate was expected at 15.1% at the end of 2021. Further information regarding the real GDP growth and unemployment rates based on the European Commission's 2020 Summer forecasts (7 July 2020) is provided in note 2.

Covid-19 relief measures ('moratoria')

Covid-19 relief measures provided by the Group to the eligible borrowers are mainly in the form of:

- arrears capitalization, payment holidays (installment for Mortgage/Consumer lending portfolios and capital re-payment for the SB/Wholesale lending portfolios) deferred from three to nine months and subject to renewal based on the outcome of the crisis, along with the extension of the respective loans' maturity and
- supporting measures specifically addressed to one of the most affected Greek industries - hoteling, the main features being the principal payments' deferral up to 31 December 2021, the disbursement of new working capital facilities and the continuation of the financing of the already approved capital investments.

As at 30 June 2020, the Group's approved moratoria on the performing (including performing forborne) Greek lending portfolio, amounted to € 5 billion, of which 47% relate to the Mortgage/Consumer lending portfolios, 23% to the Small Business and 30% to the Corporate lending portfolio. In addition, as at 30 June 2020, for the Bank's foreign subsidiaries (Cyprus, Bulgaria and Serbia), the public moratoria measures, as those were enacted by the local regulations, amounted to € 2.3 billion.

Based on recent banking regulators' and accounting guidance (European Banking Authority (EBA), ECB, IASB) Covid-19 relief measures should neither be treated as forbearance nor automatically trigger a significant increase in credit risk. Such measures are accounted for as modifications, granted for other than forbearance reasons.

Government support measures

In addition to the relief measures provided by the Bank (as described above), the government in the countries where the Group operates has initiated various programs, in order to stimulate liquidity and economic activity and to alleviate the consequences of the Covid-19 outbreak. Such measures involve the suspension of tax payments and social security contributions, financial compensations for employees from directly affected by the lockdown companies, as well as, government guarantees, co-financing and subsidized interest payments for new disbursements and subsidized installment payments on existing loans, secured with borrowers' primary residence collaterals.

The main programs to be extended to eligible borrowers in Greece include:

(i) State participation (40%) zero-interest bearing for newly disbursed loans, accompanied with a government-subsidy for the interest owed on the rest (60%) of the principal for the first 2 years, (ii) State aid in the form of a guarantee for the 80% of the principal and the accrued interest during a period of 90 consecutive days. The Bank participates into the newly established Guarantee Fund Covid-19, which is co-financed by the European Regional Development Fund (ERDF) and the Greek State, (iii) disbursement of new loans financed by the European Investment Bank (EIB) which has not been enacted yet, (iv) three-month government interest subsidy program to eligible corporate borrowers on existing lending facilities, which could be opted in combination with the other Covid-19 relief measures and (v) ''Bridge'' subsidy program, applicable to the Retail lending portfolio secured with prime residence collateral, involving 9-months installments' subsidy.

As of 30 June 2020, for the main government support measures mentioned above, the Bank has been allotted € 0.4 billion for new lending agreements where the government co-finance (40%) the loans' disbursement and subsidy interest (i. and iv. above) and € 0.8 billion for the new government guaranteed loans (ii. above).

Management takes into consideration the above measures when estimating the Covid-19 impact on the calculation of ECL, specifically for borrowers from the most vulnerable industries in the countries where the Group operates, which are mainly hoteling, airlines, transportation, construction companies and retail commerce.

4. Capital Management

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

	30 June 2020 € million	31 December 2019 € million
Total equity	**5,444**	6,667
Add: Adjustment due to IFRS 9 transitional arrangements	**918**	897
Less: Preferred securities	**-**	(2)
Less: Goodwill	**(161)**	(161)
Less: Other regulatory adjustments	**(599)**	(484)
Common Equity Tier 1 Capital	**5,602**	6,917
Add: Preferred securities subject to phase-out	**-**	-
Total Tier 1 Capital	**5,602**	6,917
Tier 2 capital-subordinated debt	**950**	950
Add: Other regulatory adjustments	**104**	97
Total Regulatory Capital	**6,656**	7,964
Risk Weighted Assets	**42,208**	41,407
Ratios:	**%**	%
Common Equity Tier 1 [(1)]	**13.3**	16.7
Tier 1	**13.3**	16.7
Total Capital Adequacy Ratio [(1)]	**15.8**	19.2

[(1)] The pro-forma Common Equity Tier 1 and Total Capital Adequacy ratios as at 30 June 2020 with the derecognition of the Cairo loans classified as held for sale (note 15) would be 13.0% and 15.5%, respectively.

Note: The Group's CET1 ratio as at 30 June 2020, based on the full implementation of the Basel III rules in 2025 (fully loaded CET1), would be 11.0% (31 December 2019: 14.6%), whereas the pro-forma fully loaded CET1 ratio as at 30 June 2020 with the derecognition of the Cairo loans classified as held for sale (note 15) would be 11.2%.

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) which have been 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.

In response to the Covid-19 outbreak, on 12 March 2020, the ECB announced a number of measures to ensure that its directly supervised banks can continue to fulfil their role in funding the real economy (note 2). Specifically, banks will be allowed, among others, to operate below the level of capital defined by the Pillar 2 Guidance and the Combined Buffer Requirement (i.e. Capital Conservation Buffer, Countercyclical Capital Buffer, Other Systemically Important Institutions Buffer) until at least the end of 2022, as per the latest ECB's communication issued on 28 July. Banks will also be allowed to partially use capital instruments that do not qualify as CET1 capital, for example Additional Tier 1 or Tier 2 instruments, to meet the Pillar 2 Requirements (P2R).

Taking into account the aforementioned developments and the 2019 SREP decision, for 2020, the Group is required to meet a Common Equity Tier 1 ratio of at least 9.24% (instead of 10.58% required in the pre-Covid-19 outbreak) and a Total Capital Adequacy Ratio of at least 14.05% (Overall Capital Requirements or OCR), including the Combined Buffer Requirement (the OCR remains at the same level as in the pre-Covid-19 outbreak). The capital relief measures mentioned above do not change the level of the Combined Buffer Requirement (stands at 3.05% and covered with CET1 capital), which sits on top of the Total SREP Capital Ratio (11%) resulting in an OCR of 14.05% in terms of total capital. According to the FAQs published by the ECB (last updated 28 July 2020), the allowance provided to banks to operate below the combined buffer requirement results in the ECB taking a flexible approach to approving capital conservation plans that banks are legally required to submit if they breach the combined buffer requirement.

	30 June 2020	
	CET1 Capital Requirements	Total Capital Requirements
Minimum regulatory requirement	**4.50%**	**8.00%**
Pillar 2 Requirement (P2R)	1.69%	3.00%
Total SREP Capital Requirement (TSCR)	**6.19%**	**11.00%**
Combined Buffer Requirement (CBR)		
Capital conservation buffer (CCoB)	2.50%	2.50%
Countercyclical capital buffer (CCyB)	0.05%	0.05%
Other systemic institutions buffer (O-SII)	0.50%	0.50%
Overall Capital Requirement (OCR)	**9.24%**	**14.05%**

Furthermore, on 24 June 2020 the Regulation 2020/873 (CRR quick fix) was adopted by the Council of the European Union and the European Parliament. This Regulation introduced some changes in the CRR to maximize the ability of banks to continue lending during the Covid-19 pandemic. These changes include among others:

-Extension by two years of the transitional arrangements for IFRS 9 and further relief measures, allowing banks to add back to their regulatory capital any increase in new provisions for expected losses that they recognize in 2020 and 2021 for their financial assets, which have not been defaulted.

-Earlier application of the revised supporting factors for loans to SMEs and certain infrastructure projects' companies, which allows for a more favorable prudential treatment of these exposures.

-A preferential treatment of exposures to public debt issued in the currency of another Member State and flexibility regarding the large exposures limit.

2020 EU – wide stress test postponed to 2021

An EU - wide stress test was announced by the European Banking Authority (EBA), launched in January 2020, to assess the resilience of EU banks to an adverse economic shock.

The 2020 EU-wide stress test consisted of two stress-testing exercises – the EBA EU-wide stress test and the ECB SREP stress test – the results of which would be factored into its overall assessment within the 2020 Supervisory Review and Evaluation Process (SREP).

The scope of the 2020 ECB SREP stress test would complement the 2020 EBA EU-wide stress test in order to address those ECB supervised entities which are not included in the 2020 EBA EU-wide stress test. Eurobank would participate in the ECB SREP stress test of 2020.

On 12 March 2020, the EBA and the ECB decided to postpone the stress test exercises to 2021 to mitigate the impact of Covid-19 on the EU banking sector and thus allow banks to focus on and ensure continuity of their core operations, including support for their customers. For 2020, the EBA launched on 4 May an additional EU-wide transparency exercise to provide market participants with updated information on the financial conditions of EU banks as of 31 December 2019, prior to the start of the Covid-19 pandemic. The EBA published the results of this exercise, including those for Eurobank Ergasias S.A. in June 2020.

In July 2020, the EBA announced that the 2021 EU-wide stress test exercise is expected to be launched at the end of January 2021 and its results to be published at the end of July 2021.

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 activities originated from Greece and other countries in Europe (International).

As of the first quarter of 2020, Greece is further segregated into retail, corporate, global, capital markets & asset management and investment property. Wealth management operations, previously reported as a separate segment, have been allocated to global, capital markets & asset management and other operations as presented below. 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.

In more detail, 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, cash management and trade services.
- Global, Capital Markets & Asset Management: 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 and to small and large corporate entities. In addition, as of the first quarter of 2020, this segment incorporates mutual fund and investment savings products and institutional asset management, which were previously incorporated in the Wealth Management segment, and equity brokerage, which was previously incorporated in the Corporate segment.
- International: incorporating operations in Bulgaria, Serbia, Cyprus, Luxembourg and Romania.
- Investment Property: As of the second quarter of 2019, following the merger of Eurobank Ergasias S.A. 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.

Other operations of the Group refer mainly to property management (including repossessed assets), other investing activities and as of the first quarter of 2020, private banking services to medium and high net worth individuals and the Group’s share of results of Eurolife Insurance group, which were previously incorporated in the Wealth Management segment.

The aforementioned organizational changes affecting the Group’s reported segments are effective from 2020 onwards. Comparative information has not been adjusted accordingly.

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.

Operating segments

	For the six months ended 30 June 2020						
	Retail € million	Corporate € million	Global, Capital Markets & Asset Mngt € million	Investment Property € million	International € million	Other and Elimination center € million	Total € million
Net interest income	248	168	105	(9)	186	(9)	689
Net commission income	25	28	39	(0)	49	(1)	140
Other net revenue	(3)	(2)	60	52	6	212	325
Total external revenue	270	194	204	43	241	202	1,154
Inter-segment revenue	7	24	(15)	1	(1)	(16)	-
Total revenue	277	218	189	44	240	186	1,154
Operating expenses	(208)	(66)	(27)	(16)	(117)	(0)	(434)
Impairment losses relating to loans and advances to customers	(176)	(58)	-	-	(37)	(1,509)	(1,780)
Other impairment losses and provisions (note 11)	(2)	(3)	(8)	(0)	(2)	(3)	(18)
Share of results of associates and joint ventures	(0)	0	0	(1)	(0)	8	7
Profit/(loss) before tax from continuing operations before restructuring costs	(109)	91	154	27	84	(1,318)	(1,071)
Restructuring costs (note 11)	(3)	(0)	-	-	-	(8)	(11)
Profit/(loss) before tax from continuing operations	(112)	91	154	27	84	(1,326)	(1,082)
Non controlling interests	-	-	-	-	(0)	0	(0)
Profit/(loss) before tax attributable to shareholders	(112)	91	154	27	84	(1,326)	(1,082)

	30 June 2020						
	Retail [(3)] € million	Corporate [(3)] € million	Global, Capital Markets & Asset Mngt € million	Investment Property € million	International € million	Other and Elimination center [(1), (3)] € million	Total € million
Segment assets	17,047	13,125	15,687	1,490	15,937	3,679	66,965
Segment liabilities	25,925	7,571	9,075	301	14,288	4,361	61,521

The International segment is further analyzed as follows:

	For the six months ended 30 June 2020					
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Luxembourg € million	Total € million
Net interest income	4	92	27	52	11	186
Net commission income	(0)	25	6	14	4	49
Other net revenue	0	1	1	4	0	6
Total external revenue	4	118	34	70	15	241
Inter-segment revenue	-	0	(0)	(0)	(1)	(1)
Total revenue	4	118	34	70	14	240
Operating expenses	(3)	(59)	(24)	(22)	(9)	(117)
Impairment losses relating to loans and advances to customers	(3)	(27)	(3)	(4)	(0)	(37)
Other impairment losses and provisions	-	(2)	(0)	(0)	(0)	(2)
Share of results of associates and joint ventures	0	-	(0)	-	-	(0)
Profit/(loss) before tax from continuing operations	(2)	30	7	44	5	84
Non controlling interests	-	(0)	(0)	-	-	(0)
Profit/(loss) before tax attributable to shareholders	(2)	30	7	44	5	84

	30 June 2020					
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Luxembourg € million	International € million
Segment assets(2)	337	5,443	1,578	6,771	1,809	15,937
Segment liabilities(2)	507	4,826	1,163	6,176	1,619	14,288

	For the six months ended 30 June 2019 restated							
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	Investment Property € million	International € million	Other and Elimination center € million	Total € 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 (note 2.2)	(213)	(62)	(11)	(37)	(5)	(104)	(6)	(438)
Impairment losses relating to loans and advances to customers	(244)	(52)	(0)	-	-	(52)	-	(348)
Other impairment losses and provisions (note 2.2)	(1)	(0)	(1)	(3)	(0)	(2)	(7)	(14)
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)	88	11	84	12	106	(17)	115
Restructuring costs	(9)	(2)	(0)	-	-	(18)	(52)	(81)
Profit/(loss) before tax from continuing operations	(178)	86	11	84	12	88	(69)	34
Loss before tax from discontinued operations	-	-	-	-	-	(5)	(0)	(5)
Non controlling interests	-	-	-	-	-	(0)	0	0
Profit/(loss) before tax attributable to shareholders	(178)	86	11	84	12	83	(69)	29

	31 December 2019							
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	Investment Property € million	International € million	Other and Elimination center (1) € million	Total € million
Segment assets	20,029	13,515	111	14,464	1,216	15,057	369	64,761
Segment liabilities	25,302	7,368	2,062	8,307	202	13,484	1,369	58,094

	For the six months ended 30 June 2019 restated					
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Luxembourg € million	Total € 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 (note 2.2)	(4)	(49)	(24)	(19)	(8)	(104)
Impairment losses relating to loans and advances to customers	(9)	(15)	(23)	(5)	0	(52)
Other impairment losses and provisions (note 2.2)	-	(2)	(0)	0	0	(2)
Share of results of associates and joint ventures	0	-	(0)	-	-	(0)
Profit/(loss) before tax from continuing operations before restructuring costs	(5)	73	(10)	41	7	106
Restructuring costs	-	(18)	-	-	-	(18)
Profit/(loss) before tax from continuing operations	(5)	55	(10)	41	7	88
Loss before tax from discontinued operations	(5)	-	-	-	-	(5)
Non controlling interests	-	(0)	0	-	-	(0)
Profit/(loss) before tax attributable to shareholders	(10)	55	(10)	41	7	83

	31 December 2019					
	Romania	Bulgaria	Serbia	Cyprus	Luxembourg	International
	€ million	€ million	€ million	€ million	€ million	€ million
Segment assets[2]	363	5,550	1,510	6,260	1,374	15,057
Segment liabilities[2]	530	4,966	1,101	5,698	1,189	13,484

[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.

[3] Following the classification as held for sale of the underlying loan portfolio of Cairo securitization, the loans of the retail and corporate segment were decreased by € 2.57 billion and € 1.27 billion respectively, while those of the other segment were increased by € 2.34 billion (after the recognition of € 1.5 billion impairment losses - note 15).

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. Following the redemption of the preferred securities (Series D) completed on 29 October 2019, the Group has no longer potentially dilutive ordinary shares (note 27).

		Six months ended 30 June		Three months ended 30 June	
		2020	2019 restated	**2020**	2019 restated
Net profit/(loss) for the period attributable to ordinary shareholders (note 2.2) [1]	*€ million*	**(1,166)**	31	**(1,223)**	10
Net profit/(loss) for the period from continuing operations attributable to ordinary shareholders (note 2.2) [1]	*€ million*	**(1,166)**	35	**(1,223)**	10
Weighted average number of ordinary shares in issue for basic earnings per share	*Number of shares*	***3,707,517,541***	*2,916,880,059*	***3,708,153,718***	*3,640,411,941*
Weighted average number of ordinary shares in issue for diluted earnings per share	*Number of shares*	-	*2,942,949,578*	-	*3,666,481,460*
Earnings/(losses) per share					
- Basic and diluted earnings/(losses) per share	€	**(0.31)**	0.01	**(0.33)**	0.00
Earnings/(losses) per share from continuing operations					
- Basic and diluted earnings/(losses) per share	€	**(0.31)**	0.01	**(0.33)**	0.00

[1] After deducting dividend attributable to preferred securities holders (note 27).

Basic and diluted losses per share from discontinued operations for the period ended 30 June 2020 is nil (30 June 2019: € 0.001 basic and diluted losses per share).

Post balance sheet event

On 28 July 2020, the Annual General Meeting of the shareholders of the Company approved the establishment of a five year shares award plan, starting from 2021, in the form of stock options rights by issuing new shares with a corresponding share capital increase, awarded to executives (of the Management) and personnel of the Company and its affiliated companies. The maximum number of rights that can be approved will be 55,637,000 rights, each of which will correspond to one new share, i.e. in case all option rights are exercised up to 55,637,000 new common registered shares of the Company in total will be allocated, corresponding to 1.5% of the current paid share capital. The exercise price of each new share is equal to the nominal value of the share, i.e. € 0.23 (note 26).

7. Net interest income

	30 June 2020 € million	30 June 2019 € million
Interest income		
Customers	**695**	728
Banks and other assets	**10**	27
Securities	**98**	91
Derivatives	**218**	210
	1,021	1,056
Interest expense		
Customers	**(64)**	(93)
Banks	**(24)**	(32)
Debt securities in issue	**(48)**	(53)
Derivatives	**(194)**	(190)
Lease liabilities - IFRS 16	**(2)**	(3)
	(332)	(371)
Total from continuing operations	**689**	685

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 2020					
	Retail € million	Corporate € million	Global, Capital Markets & Asset Mngt € million	International € million	Other and Elimination center € million	Total € million
Lending related activities	4	22	3	6	(0)	35
Mutual funds and assets under management	8	1	13	4	3	29
Network activities and other [(1)]	13	2	12	37	(4)	60
Capital markets	(0)	3	11	2	0	16
Total from continuing operations	**25**	**28**	**39**	**49**	**(1)**	**140**

	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

[1] *Including income from credit cards related services.*

9. Operating expenses

	30 June 2020 € million	30 June 2019 restated € million
Staff costs	**(227)**	(239)
Administrative expenses	**(114)**	(107)
Contributions to resolution and deposit guarantee funds	**(38)**	(34)
Depreciation of real estate properties and equipment (note 2.2)	**(18)**	(19)
Depreciation of right of use assets	**(19)**	(21)
Amortisation of intangible assets	**(16)**	(15)
Operating lease rentals	**(2)**	(3)
Total from continuing operations	**(434)**	(438)

The average number of employees of the Group during the period was 13,167 (30 June 2019: 13,199). As at 30 June 2020, the number of branches and business/private banking centers of the Group amounted to 652.

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 2020			
	12-month ECL-Stage 1 € million	**Lifetime ECL-Stage 2 € million**	**Lifetime ECL credit-impaired [1] € million**	**Total € million**
Impairment allowance as at 1 January 2020	136	407	6,556	7,099
Transfers between stages	16	53	(69)	-
Impairment loss for the period	23	90	1,628	1,741
Recoveries from written - off loans	-	-	12	12
Loans and advances derecognised/ reclassified as held for sale during the period [2]	(32)	(151)	(4,748)	(4,931)
Amounts written off	-	-	(121)	(121)
Unwinding of Discount	-	-	(87)	(87)
Foreign exchange and other movements	8	6	(27)	(13)
Impairment allowance as at 30 June 2020	**151**	**405**	**3,144**	**3,700**

	30 June 2019			
	12-month ECL-Stage 1 € million	Lifetime ECL-Stage 2 € million	Lifetime ECL credit-impaired(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

(1) The impairment allowance for POCI loans of € 5 million is included in 'Lifetime ECL credit-impaired' stage (30 June 2019: € 0.1 million).
(2) It represents the impairment allowance of loans derecognized during the period due to a) sale transactions and b) substantial modifications of the loans' contractual terms and those that have been reclassified as held for sale during the period (notes 13 and 15).

The impairment losses relating to loans and advances to customers recognized in the Group's income statement for the period ended 30 June 2020 amounted to € 1,780 million (30 June 2019: € 348 million) and are analyzed as follows:

	30 June 2020 € million	30 June 2019 € million
Impairment loss on loans and advances to customers	**(1,741)**	(315)
Modification loss on loans and advances to customers	**(35)**	(36)
Impairment (loss)/ reversal for credit related commitments	**(4)**	3
Total	**(1,780)**	(348)

Impairment losses on loans and advances to customers recognized in the Group's income statement for the period ended 30 June 2020 of € 1,780 million include the Cairo loss transaction of € 1,509 million (note 15). The remaining amount of the recorded impairment losses of € 271 million (30 June 2019: € 348 million, including the impairment loss recognized due to the Pillar loans' classification as held for sale), reflects the impact from the deterioration of the forward-looking information applied to the measurement of the expected credit losses (ECL) as those were revised due to the expected large-scale negative effect of the Covid-19 crisis to the economies in which the Group operates (note 3).

In particular, the impairment losses recognized by the Group for the first half of 2020 remained well above their expected amount at the end of 2019, due to the exceptional Covid-19 pandemic circumstances and the prevailing uncertainties regarding the timing and the prospects of the economy's recovery (note 2). More specifically, the Group initially expected a significant decrease in the impairment levels for 2020, driven by the improvement in the before Covid-19 macroeconomic environment, the positive impact on the Group's lending portfolios from the acceleration of its non performing exposures (NPE) de-leveraging program, as well as, the expected outcome from other recovery measures, employed as part of its NPE management strategy (note 2). However, given the new conditions arising from the Covid-19 outbreak, the Group's cost of risk(1) for the six months ended 30 June 2020 increased to 1.44%, compared to the pre-Covid-19 estimate for 2020 of 0.9%.

The Group continues to monitor closely and constantly re-assesses all the latest available information due to the high uncertainty, arising from the possibility of a second, pandemic wave in the next months and its negative effect on the economy, the nature, size and effectiveness of the government support measures, as well as, the consumer and investment post-crisis behavioural impact.

(1) Cost of risk represents the Group's Impairment losses relating to loans and advances charged in the reported period excluding the loss on Cairo transaction, annualised and divided by the average balance of loans and advances to customers at amortised cost including those that have been classified as HFS (Appendix of the Report of Directors for the period ended 30 June 2020).

11. Other impairments, restructuring costs and provisions

	30 June 2020 € million	30 June 2019 restated € million
Impairment and valuation losses on real estate properties (note 2.2)	**(5)**	(5)
Impairment (losses)/ reversal on bonds (note 16)	**(9)**	(2)
Other impairment losses and provisions [1]	**(4)**	(7)
Other impairment losses and provisions	**(18)**	(14)
Voluntary exit schemes and other related costs (note 25)	**(5)**	(58)
Other restructuring costs	**(6)**	(23)
Restructuring costs	**(11)**	(81)
Total from continuing operations	**(29)**	(95)

[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. The remaining restructuring costs mainly related to the Bank's transformation plan.

12. Income tax

	30 June 2020 € million	30 June 2019 € million
Current tax	**(20)**	(18)
Deferred tax (note 2.2)	**(64)**	20
Total income tax from continuing operations	**(84)**	2

According to Law 4172/2013 currently in force, the nominal Greek corporate tax rate for credit institutions that fall under the requirements of article 27A of Law 4172/2013 regarding eligible DTAs/deferred tax credits (DTCs) against the Greek State is 29%. As of the year 2019 onwards, according to Law 4646/2019 which was enacted in December 2019 and amended Law 4172/2013, the Greek corporate tax rate for legal entities other than the above credit institutions decreased from 29% to 24%. In addition, according to the aforementioned Law 4646/2019, as of 1 January 2020 the withholding tax rate for dividends distributed, other than intragroup dividends, decreased from 10% to 5%. In particular, the intragroup dividends under certain preconditions are relieved from both income and withholding tax.

The nominal corporate tax rates applicable in the banking subsidiaries incorporated in the international segment of the Group (note 5) are as follows: Bulgaria 10%, Serbia 15%, Cyprus 12.5% and Luxembourg 24.94%.

Tax certificate and open tax years

The Company 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 2014-2015 the Company and the Group's Greek entities, with annual financial statements 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 onwards, the 'Annual Tax Certificate' is optional, however, the Company and (as a general rule) the Group's Greek companies will continue to obtain such certificate.

The tax certificates, which have been obtained by the Company and its subsidiaries, associates and joint ventures, which operate in Greece, are unqualified for the open tax years 2014-2018. For the year ended 31 December 2019, 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 2013 (included) has been time-barred for the Company and the Group's Greek entities as at 31 December 2019.

The open tax years of the foreign banking entities of the Group are as follows: (a) Eurobank Cyprus Ltd, 2018-2019, (b) Eurobank Bulgaria A.D., 2014-2019, (c) Eurobank A.D. Beograd (Serbia), 2014-2019, and (d) Eurobank Private Bank Luxembourg S.A., 2015-2019. 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.

Receivables from withholding taxes

Law 4605/2019 (article 93) provided clarifications regarding the treatment of the Bank's withholding tax amounts under Law 2238/1994 (amounting to € 50 million) in a manner that safeguards these 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. In particular, Law 4605/2019 clarified that any remaining amounts (i.e. these withholding taxes that cannot be offset within the set five-year period) will be then offset against all taxes within ten years in equal installments starting from 1 January 2020. As at 30 June 2020, the remaining amount of the aforementioned Bank's receivables is € 12.3 million, while the first 1/10 of their initial amount of € 13.7 million was refunded to the Bank through offsetting with current tax liabilities within the second quarter of 2020.

In reference to its total uncertain tax positions, the Group assesses all relevant developments (e.g. legislative changes, case law, ad hoc tax/legal opinions, administrative practices) and raises adequate provisions.

Deferred tax

Deferred tax is 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 2020 € million
Balance at 1 January	**4,757**
Income statement credit/(charge)	**(64)**
Investment securities at FVOCI	**15**
Cash flow hedges	**4**
Actuarial gain/losses	**(2)**
Other	**(1)**
Balance at 30 June	**4,709**

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

	30 June 2020 € million	31 December 2019 € million
Impairment/ valuation relating to loans and accounting write-offs	**1,621**	1,592
PSI+ tax related losses	**1,076**	1,101
Losses from disposals and crystallized write-offs of loans	**1,934**	1,985
Other impairments/ valuations through the income statement	**201**	201
Unused tax losses	**1**	2
Costs directly attributable to equity transactions	**12**	16
Cash flow hedges	**21**	17
Defined benefit obligations	**12**	14
Real estate properties, equipment and intangible assets	**(60)**	(47)
Investment securities at FVOCI	**(176)**	(191)
Other	**67**	67
Net deferred tax	**4,709**	4,757

The net deferred tax is analyzed as follows:

	30 June 2020 € million	31 December 2019 € million
Deferred tax assets	**4,719**	4,766
Deferred tax liabilities	**(10)**	(9)
Net deferred tax	**4,709**	4,757

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

	30 June 2020 € million	30 June 2019 € million
Impairment/ valuation relating to loans, disposals and write-offs	**(21)**	97
Unused tax losses	**(1)**	(60)
Tax deductible PSI+ losses	**(25)**	(25)
Change in fair value and other temporary differences (note 2.2)	**(17)**	8
Deferred income tax (charge)/credit from continuing operations	**(64)**	20

As at 30 June 2020, the Group recognized net deferred tax assets amounting to € 4.7 billion as follows:

(a) € 1,621 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;

(b) € 1,076 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 onwards) for tax purposes;

(c) € 1,934 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) € 12 million mainly refer to deductible temporary differences related to the (unamortized for tax purposes) costs directly attributable to Eurobank Ergasias S.A. share capital increases, subject to 10 years' amortization according to tax legislation in force at the year they have been incurred;

(e) € 1 million refer to the unused tax losses of the Company's subsidiaries; and

(f) € 65 million refer to other taxable and deductible temporary differences (i.e. valuation gains/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 that the Group's legal entities will have sufficient future taxable profits, against which the deductible temporary differences and the unused tax losses 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 and the eligibility of carried forward losses for offsetting with future taxable profits. 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 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.

In particular, for the period ended 30 June 2020, the Group has conducted a deferred tax asset (DTA) recoverability assessment based on the three-year Business Plan that was approved by the Board of Directors in May 2020, for the period up to the end of 2022, which included revised management projections due to Covid-19 outbreak for the Group's future profitability in Greece as well as in the countries it operates. The plan has also been submitted to the Single Supervisory Mechanism (SSM). Currently, the Group closely monitors and constantly assesses all the latest available data for the effect of Covid-19 outbreak and the relevant mitigating measures taken by the Greek Government and the European authorities, which were further shaped in the second quarter of 2020 (note 2) on the assumptions used in its plans and the projections for future profitability and will continue to update its estimates accordingly.

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

As at 30 June 2020, pursuant to the Law 4172/2013, as in force, the Bank's eligible DTAs/deferred tax credits (DTCs) against the Greek State amounted to € 3,756 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.

According to tax Law 4172/2013 as in force, 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 the eligible credit institutions (i.e. 29%) and the tax rate applicable on 30 June 2015 (i.e. 26%). For the period ended 30 June 2020, an amount of € 3.3 million has been recognized in "Other income/(expenses)".

13. Disposal groups classified as held for sale and discontinued operations

(a) Disposal groups classified as held for sale

	30 June 2020 € million	31 December 2019 € million
Assets of disposal groups		
Project Cairo	**2,504**	-
Real estate properties	**55**	63
Eurobank FPS Loans and Credits Claim Management S.A.	**-**	10
Non-performing loan portfolios	**-**	2
Total	**2,559**	75
Liabilities of disposal groups		
Project Cairo	**26**	-
Eurobank FPS Loans and Credits Claim Management S.A.	**-**	8
Total	**26**	8

Cairo securitization – loans' classification as held for sale

In June 2020, following the Board of Director's decision of Eurobank Holdings for the contribution of the Cairo notes it retained, i.e., 75% of the mezzanine and 44.9% of the junior notes, to the Cyprus-based subsidiary 'Mairanus Ltd', the Group proceeded with the re-measurement of the underlying portfolio's expected credit losses in accordance with its accounting policy for the impairment of financial assets and its classification as held for sale in accordance with the provisions of IFRS 5 'Non-current assets held for sale and discontinued operations' (note 15).

Eurobank FPS Loans and Credits Claim Management S.A., Greece

On 19 December 2019, the Group announced that it has reached an agreement with doValue S.p.A. ("doValue") to dispose 80% of its subsidiary Eurobank FPS Loans and Credits Claim Management S.A. ("FPS"), for a cash consideration of € 248 million, subject to certain adjustments.

As per the agreement, FPS, which was part of Eurobank Ergasias Troubled Asset Group ("TAG") - the unit responsible for the management of the troubled assets portfolio, would take over Eurobank Ergasias TAG unit in order for the sale to be completed. The relevant arrangements were completed at the end of March 2020.

After receiving all regulatory approvals, the above sale transaction was completed on 5 June 2020.

Upon the completion of the transaction, the Group derecognized the assets and liabilities of FPS and recognized its retained 20% interest as an associate, to be accounted for using the equity method of accounting, at its fair value of € 62 million. The fair value was determined by reference to the implied enterprise value of € 310 million for 100% of the entity.

The terms of the transaction remained as per the binding agreement of 19 December 2019, which provided for certain adjustments related with the net cash position of the company, assets under management as of December 2019 and the net economic benefit accrued since 1 January 2020.

The cash consideration received, after the above consideration adjustments, amounted to € 211 million and the resulting gain on disposal was € 219 million before tax (€ 173 million after tax), including the costs directly attributable to the transaction and the remeasurement of the retained interest in FPS.

The transaction was capital accretive, as the effect on Total Capital ratio amounted to approximately + 75 bps excluding transaction expenses and tax.

In the context of the strategic partnership with doValue for the management of its Non Performing Exposures ("NPEs"), the Group entered into a 14-year Service Level Agreement ("SLA") with FPS for the servicing of Eurobank's NPEs and retail early arrears, as well as any future production of them.

Real estate properties

In November 2019, the Group, in the context of its strategy for the active management of its real estate portfolio (repossessed, investment properties and own used properties) reached pre-sale agreements with prospective investors for the disposal of three pools of real estate assets amounting to a total value of ca. € 0.1 billion. Consequently, the disposal of these properties' portfolios was considered highly probable and they have been classified as held for sale (HFS) as of the end of November 2019. The fair value less cost to sell of these properties, based on the offer prices included in the pre-sale agreements, was lower than their carrying amount, therefore an impairment loss of € 24 million was recognised in the fourth quarter of 2019 upon their remeasurement in accordance with the IFRS 5 requirements. The above non-recurring fair value measurement is categorized as Level 3 of the fair value hierarchy due to the significance of the unobservable inputs used. After the completion of certain sales in the first half of 2020, the carrying amount of these real estate assets as at 30 June 2020 was reduced to € 55 million.

The closing date of the pre-sale agreement regarding one of the relevant portfolios of carrying value € 6.4 million as at 30 June 2020, lapsed on 30 April 2020 without being further extended. However, the Group remains committed to its plan to sell the aforementioned portfolio, which continues to be actively marketed for sale and as such remains classified as HFS as at 30 June 2020. Furthermore, the sale of the real estate assets, which was initially expected to be concluded within 2020, may be extended beyond this period due to current extraordinary conditions.

Non-performing loan portfolios

In the first quarter of 2020, Eurobank Bulgaria A.D. entered into an agreement for the disposal of non-performing corporate and retail loans. Accordingly, loans with gross carrying amount of € 19.2 million, which carried an impairment allowance of € 10.6 million, were classified as held for sale. The transaction was completed in April 2020 with no effect in the Group's income statement.

In the fourth quarter of 2019, Eurobank Ergasias S.A. entered into an agreement for the disposal of non-performing corporate loans and accordingly, loans with gross carrying amount of € 7.6 million, which carried an impairment allowance of € 5.3 million, were classified as held for sale. The transaction was completed in March 2020 with no effect in the Group's income statement.

(b) Discontinued operations

Romanian disposal group

In April 2018, the sale of the Romanian disposal group (Bancpost S.A., ERB Retail Services IFN S.A. and ERB Leasing IFN S.A.), which was the major part of the Group's operations in Romania was completed. In the period ended 30 June 2019, according to the terms of the relevant Sale Purchase Agreement (SPA), executed between Eurobank Ergasias Group and Banca Transilvania (BT), the results from discontinued operations were adjusted by a loss of € 3.6 million after tax. In particular, according to the SPA, there are certain indemnity clauses based on which the Purchaser could claim specific amounts, subject to certain limitations on total claims, including those for: a) open (non-expired) taxable periods of Bancpost S.A. until the completion of the transaction (see below "Tax audit") and b) losses incurred from claims made against the Purchaser or Bancpost S.A. in relation to a certain loan portfolio (see below ANPC case).

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. In respect of the above, the Group has recognized total accumulated provisions of € 20 million for this case. The Group is in close cooperation with BT, which is in the process of challenging the tax audit assessment in the competent courts.

Romanian National Authority for Consumer Protection (ANPC)

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 B.V. (an entity in the Netherlands controlled by Eurobank) starting in 2008. Furthermore, the ANPC concluded that any payments (such as interests, fees, penalties) by the consumers in relation to all the aforementioned loans and for a period of ten years should be reimbursed by Bancpost S.A.

In 2019, the first instance court admitted BT's complaints (as legal successor to Bancpost S.A.) against ANPC in all three aforementioned cases, while ANPC appealed against these rulings. The second instance court rejected the ANPC appeals in all three cases. The ANPC fines and other measures imposed on Bancpost SA have now been cancelled by definitive court rulings.

Further information in relation to the sale of Romanian disposal group is provided in note 30 of the consolidated financial statements for the year ended 31 December 2019.

14. Derivative financial instruments

	30 June 2020		31 December 2019	
	Fair values		Fair values	
	Assets	Liabilities	Assets	Liabilities
	€ million	€ million	€ million	€ million
Derivatives for which hedge accounting is not applied/ held for trading	**2,541**	**2,183**	2,260	1,862
Derivatives designated as fair value hedges	**2**	**918**	2	770
Derivatives designated as cash flow hedges	**2**	**110**	0	94
Total derivatives assets/liabilities	**2,545**	**3,211**	2,262	2,726

As at 30 June 2020, the derivative assets and liabilities increased by € 283 million and € 485 million, respectively, compared to 31 December 2019, 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 € 1,660 million (31 December 2019: € 1,528 million).

15. Loans and advances to customers

	30 June 2020 € million	31 December 2019 € million
Loans and advances to customers at amortised cost		
- Gross carrying amount	38,117	44,406
- Impairment allowance	(3,700)	(7,099)
Carrying Amount	**34,417**	37,307
Loans and advances to customers at FVTPL	**25**	58
Total	**34,442**	37,365

The table below presents the carrying amount of loans and advances to customers per business unit and per stage as at 30 June 2020:

	30 June 2020				31 December 2019
	12-month ECL-Stage 1 € million	Lifetime ECL-Stage 2 € million	Lifetime ECL credit-impaired[1] € million	Total amount € million	Total amount € million
Loans and advances to customers at amortised cost					
Mortgage lending:					
- Gross carrying amount	6,859	2,975	1,951	11,785	13,982
- Impairment allowance	(15)	(166)	(707)	(888)	(1,704)
Carrying Amount	6,844	2,809	1,244	10,897	12,278
Consumer lending:					
- Gross carrying amount	2,062	551	845	3,458	3,838
- Impairment allowance	(33)	(73)	(722)	(828)	(1,055)
Carrying Amount	2,029	478	123	2,630	2,783
Small Business lending:					
- Gross carrying amount	2,045	922	1,150	4,117	6,480
- Impairment allowance	(41)	(78)	(571)	(690)	(1,687)
Carrying Amount	2,004	844	579	3,427	4,793
Wholesale lending [2]:					
- Gross carrying amount	14,874	1,633	2,250	18,757	20,106
- Impairment allowance	(62)	(88)	(1,144)	(1,294)	(2,653)
Carrying Amount	14,812	1,545	1,106	17,463	17,453
Total loans and advances to customers at AC					
- Gross carrying amount	25,840	6,081	6,196	38,117	44,406
- Impairment allowance	(151)	(405)	(3,144)	(3,700)	(7,099)
Carrying Amount	**25,689**	**5,676**	**3,052**	**34,417**	37,307
Loans and advances to customers at FVTPL					
Carrying Amount				**25**	58
Total				**34,442**	37,365

[1] As at 30 June 2020, POCI loans of € 50 million gross carrying amount and € 5 million impairment allowance are presented in 'Lifetime ECL credit-impaired' stage (31 December 2019: € 54 million gross carrying amount and € 3.5 million impairment allowance).
[2] Includes € 1.1 billion related to the senior notes of the Pillar securitization, which have been categorized in Stage 1.

Operational targets for Non-Performing Exposures (NPEs)

In March 2020, the SSM after taking into account the extraordinary circumstances due to the Covid-19 pandemic, informed Eurobank that the submission of its new NPE Management Strategy for the period 2020-22 has been postponed from end of March to end of September 2020.

Pursuant to Law 4649/2019, on 25 February 2020, Eurobank submitted to the Ministry of Finance two applications for opting-in to the Hellenic Asset Protection Scheme ("HERCULES") of the Cairo I and Cairo II securitisations and on 15 May 2020 of the Cairo III securitization, which were approved on 23 July 2020. With the closing of the Cairo transaction early June 2020 and the subsequent classification of the underlying securitised loan portfolio of € 7.5 billion (consisting primarily of NPEs) as held for sale (note 13), the Group reduced significantly its NPE stock by € 6.8 billion to € 6.2 billion (31 December 2019: € 13 billion), driving the NPE ratio at 15.3%[1] as at 30 June 2020 (31 December 2019: 29%).

In March and April 2020, EBA and the ECB announced guidelines aiming to mitigate the impact of the Covid-19 pandemic on the EU banking sector stating among others that there is flexibility in the implementation of the EBA Guidelines on management of non-performing and forborne exposures. Additionally, the EBA called for a close dialogue between supervisors and banks, also on their non-performing exposure strategies, on a case by case basis.

[1] Pro-forma with the recognition of Cairo senior notes of € 2.4 billion in total loans.

Legal Framework

The protection scheme on primary residence was voted by the Greek Parliament in March 2019 (Law 4605/2019), aimed 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. The scheme expired in July 2020, instead of April 2020 as initially scheduled, after which the Government has announced that it will duly devise a comprehensive individuals' and companies' Insolvency framework. The new code for insolvency, which integrates the existing corporate and personal insolvency regimes, is currently under consultation and is expected to be voted in October 2020 and be effective as of 1 January 2021.

Cairo securitization – loans' classification as held for sale

In December 2019, the Group announced that it has entered into a binding agreement with doValue S.p.A. for the sale of 20% of the mezzanine and 50.1% of the junior notes of a securitization of a mixed portfolio consisting primarily of non-performing loans (NPEs) of ca. € 7.5 billion gross book value. In June 2020, the above sale was completed for a cash consideration of ca. € 14 million.

Upon completion of the sale of 20% of the mezzanine notes that effectively represents the majority stake of Class B1, i.e. 80% of Class B1, the Group ceased to control the SPVs on the basis that it does not have the power to direct their relevant activities that resides with the majority stake of Class B1 noteholders. Accordingly, the Group ceased to consolidate the SPVs in its financial statements. At the same time, the above sale triggered the de-recognition assessment of the underlying loan portfolio where it was concluded that the Group, through the holding of 100% of the senior issued at par of face value € 2,409 million, 80% of the mezzanine issued at par of face value € 1,171 million and 49.9% of the junior notes of issue price of €1, retained substantially all risks and rewards of the portfolio's ownership. Accordingly, the Group continued to recognize the underlying loans and the related assets and liabilities in its balance sheet and recognized a financial liability for the consideration received.

On 15 June 2020, Eurobank Holdings, following a decision of the Board of Directors (BoD), proceeded to the contribution of the Cairo notes retained, i.e. 75% of the mezzanine and 44.9% of the junior notes, to the Cyprus-based subsidiary 'Mairanus Ltd'. On 7 July 2020, the BoD of Eurobank Holdings proposed to the General Shareholders' Meeting the distribution of Mairanus Ltd shares to Eurobank Holding's shareholders through the decrease in kind of its share capital. The approval of the General Shareholders' Meeting for the aforementioned corporate action was granted on 28 July 2020. The BoD decision for the contribution of the notes retained by Eurobank Holdings, initiates the distribution process and clearly demonstrates Management's commitment to a specific plan for the notes' disposal as the last step to the Group's Corporate Transformation Plan, and eventually the Cairo loan portfolio's de-recognition from its balance sheet. Following the settlement of the above mentioned distribution of Mairanus Ltd shares that is expected to take place in the third quarter of 2020, the underlying loan portfolio and the related assets and liabilities will be derecognized from the Group's balance sheet on the basis that the Group will transfer substantially all risks and rewards of the portfolio's ownership and will cease to have control over the portfolio, which resides with the Class B1 noteholders. Accordingly, as at 30 June 2020, the Group proceeded with the re-measurement of the portfolio's expected credit losses in accordance with its accounting policy for the impairment of financial assets and recognized an impairment loss of € 1,509 million net of expenses (note 10) in the second quarter of 2020. The impairment loss was based on the fair value of the notes retained by the Group as at 30 June 2020 of € 2,478 million, including the senior notes' accrued income, and the consideration received for the mezzanine notes' disposal to doValue S.p.A. Furthermore, the Group classified as held for sale assets the underlying loan portfolio of carrying amount € 2,341 million, comprising loans with gross carrying amount of € 7,259 million which carried an impairment allowance of € 4,918 million after the recognition of the Cairo loss, and the related net securitization's receivables of € 163 million. In addition, the liabilities of the above disposal group classified as held for sale refer to the impairment allowance of the letter of guarantees of € 12 million included in the underlying portfolio and the financial liability of € 14 million for the B1 and C1 notes' disposal (note 13).

The table below represents the percentage holding of the Cairo notes as at 30 June 2020 as well as their valuation price:

Cairo notes	(A) - Eurobank S.A.[1]	(B) - Eurobank Holdings	(C) - Mairanus Ltd[2]	(D) = (A) + (B) + (C) - Eurobank Holdings Group	(E) - Third parties[3]	(F) = (D) + (E) - Total issue	*Valuation price*
A Senior	**100%**	**0%**	**0%**	**100%**	**-**	**100%**	***100%***
B1 Mezzanine	5%	-	-	5%	20%	25%	-
B2 Mezzanine	-	0%	75%	75%	-	75%	-
B Total	**5%**	**0%**	**75%**	**80%**	**20%**	**100%**	***5%***
C1 Junior	5%	-	-	5%	50.1%	55.1%	-
C2 Junior	-	0%	44.9%	44.9%	-	44.9%	-
C Total	**5%**	**0%**	**44.9%**	**49.9%**	**50.1%**	**100%**	***0%***

(1) Transferred from Eurobank Ergasias S.A. upon hive down.
(2) Contributed by Eurobank Holdings and subsequently will be distributed to its shareholders.
(3) Sold to doValue S.p.A.

Pillar securitization – loans' derecognition

In June 2019, the Group announced that it has entered into a binding agreement with Celidoria S.A R.L for the sale of 95% of the mezzanine and junior notes of a securitization of a residential mortgage loan portfolio of ca. € 2 billion gross book value comprising primarily NPEs. The Group would retain 100% of the senior notes, as well as the 5% of the mezzanine and junior notes. 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, was classified as held for sale. The net carrying amount of the loan portfolio amounting to € 1,142 million corresponded 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.

In September 2019, the above transaction was completed for a total consideration of € 102.5 million, of which € 70 million cash and € 32.5 million deferred amount subject to the fulfillment of the terms of the agreement. The final consideration amounted to € 70 million in cash, while the above deferred amount that was previously recognized, was reversed in the fourth quarter of 2019, as the underlying terms and conditions were not fulfilled. Accordingly, the Group ceased to control the SPV ('Pillar Finance Designated Activity Company') and de-recognized the underlying loan portfolio in its entirety, on the basis that it transferred substantially all risk and rewards of the underlying loan portfolio's ownership. In addition, the Group recognized the retained notes on its balance sheet, which have a carrying amount of € 1,062 million as at 30 June 2020.

16. Investment securities

	30 June 2020		
	12-month ECL-Stage 1 € million	Lifetime ECL-Stage 2 € million	Total € million
Investment securities at amortised cost			
- Gross carrying amount	3,019	-	3,019
- Impairment allowance	(7)	-	(7)
Carrying Amount	3,012	-	3,012
Investment securities at FVOCI			
Carrying Amount	6,660	10	6,670
Total	**9,672**	**10**	**9,682**
Investment securities at FVTPL			
Carrying amount			121
Total Investment securities			**9,803**

	31 December 2019		
	12-month ECL-Stage 1 € million	Lifetime ECL-Stage 2 € million	Total € million
Investment securities at amortised cost			
- Gross carrying amount	1,542	-	1,542
- Impairment allowance	(3)	-	(3)
Carrying Amount	1,539	-	1,539
Investment securities at FVOCI			
Carrying Amount	6,278	-	6,278
Total	7,817	-	7,817
Investment securities at FVTPL			
Carrying amount			134
Total Investment securities			7,951

The investment securities per category are analyzed as follows:

	30 June 2020			
	Investment securities at FVOCI € million	**Investment securities at amortised cost € million**	**Investment securities at FVTPL € million**	**Total € million**
Debt securities				
- Greek government bonds	**3,080**	**2,267**	**-**	**5,347**
- Greek government treasury bills	**75**	**-**	**-**	**75**
- Other government bonds	**2,295**	**530**	**-**	**2,825**
- Other issuers	**1,220**	**215**	**3**	**1,438**
	6,670	**3,012**	**3**	**9,685**
Equity securities	**-**	**-**	**118**	**118**
Total	**6,670**	**3,012**	**121**	**9,803**

	31 December 2019			
	Investment securities at FVOCI € million	Investment securities at amortised cost € million	Investment securities at FVTPL € million	Total € million
Debt securities				
- Greek government bonds	3,226	1,042	-	4,268
- Other government bonds	2,056	487	-	2,543
- Other issuers	996	10	3	1,009
	6,278	1,539	3	7,820
Equity securities	-	-	131	131
Total	6,278	1,539	134	7,951

During the period ended 30 June 2020, the Group recognized € 49 million gains presented in line 'Gains less losses from investment securities', of which € 56 million gains resulted from debt securities at FVOCI sale transactions and € 7 million losses mainly from the decrease in the fair value of equity instruments. In the comparative period, the Group had recognized € 44 million gains, of which € 35 million resulted from debt securities at FVOCI sale transactions and € 9 million mainly from equity instruments disposals.

In addition, in the period ended 30 June 2020, the increase in the carrying amount of debt securities at FVOCI is attributable to both purchase transactions and the increase of bonds' prices, including those of Greek Government bonds. In particular, the negative impact on the bonds' prices in the first quarter of 2020 due to the market volatility driven by the Covid-19 pandemic, was reversed in the second quarter of 2020. Moreover, in the period ended 30 June 2020, the impairment allowance of the investment securities of the Group increased by € 7 million, mainly as a result of the acquisition of debt securities (30 June 2019: € 0.3 million decrease).

17. Group composition

The following is a listing of the Company's subsidiaries as at 30 June 2020, included in the interim consolidated financial statements for the period ended 30 June 2020:

Name	Note	Percentage holding	Country of incorporation	Line of business
Eurobank S.A.	a	100.00	Greece	Banking
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 Single Member S.A. [(2)]		100.00	Greece	Mutual fund and asset management
Eurobank Equities Investment Firm Single Member S.A. [(2)]		100.00	Greece	Capital markets and advisory services
Eurobank Ergasias Leasing Single Member S.A. [(2)]		100.00	Greece	Leasing
Eurobank Factors Single Member S.A.		100.00	Greece	Factoring
Hellenic Post Credit S.A.		50.00	Greece	Credit card management and other services
Herald Greece Single Member Real Estate development and services S.A. 1		100.00	Greece	Real estate
Herald Greece Single Member Real Estate development and services S.A. 2		100.00	Greece	Real estate
Standard Single Member Real Estate S.A. [(2)]		100.00	Greece	Real estate
Cloud Hellas Single Member Ktimatiki S.A. [(2)]		100.00	Greece	Real estate
Piraeus Port Plaza 1 Development S.A.		100.00	Greece	Real estate
Real Estate Management Single Member S.A.		100.00	Greece	Real estate services
Anchor Hellenic Investment Holding Single Member S.A.		100.00	Greece	Real estate
Vouliagmeni Residence Single Member S.A.		100.00	Greece	Real estate
Athinaiki Estate Investments Single Member S.A.		100.00	Greece	Real estate
Eurobank Bulgaria A.D.	c	99.99	Bulgaria	Banking
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 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 [(1)]	f	100.00	Channel Islands	Special purpose financing vehicle
Eurobank Cyprus Ltd		100.00	Cyprus	Banking
ERB New Europe Funding III Ltd		100.00	Cyprus	Finance company
Foramonio 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		100.00	Cyprus	Holding company
Zivar Investments Ltd		100.00	Cyprus	Real estate
Amvanero Ltd		100.00	Cyprus	Real estate
Ragisena Ltd		100.00	Cyprus	Real estate
Revasono Holdings Ltd		100.00	Cyprus	Real estate
Volki Investments Ltd		100.00	Cyprus	Real estate
Adariano Investments Ltd	g	100.00	Cyprus	Real estate
Elerovio Holdings Ltd	g	100.00	Cyprus	Real estate
Mairanus Ltd	h	100.00	Cyprus	Portfolio company
Eurobank Private Bank Luxembourg S.A.		100.00	Luxembourg	Banking
Eurobank Fund Management Company (Luxembourg) S.A.		100.00	Luxembourg	Fund management

Name	Note	Percentage holding	Country of incorporation	Line of business
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. [(1)]		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.		99.99	Romania	Real estate
Retail Development S.A.		99.99	Romania	Real estate
Seferco Development S.A.		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		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
ERB Recovery Designated Activity Company	i	-	Ireland	Special purpose financing vehicle

[(1)] Entity under liquidation at 30 June 2020.

[(2)] In the context of the Greek Law 4548/2018, the legal name of the company has been amended or is in the process of being amended with the inclusion of the term "Single member".

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) Eurobank S.A., Greece

On 20 March 2020, Eurobank Ergasias S.A. ("Eurobank Ergasias" or "the Demerged Entity") announced that the demerger of Eurobank Ergasias through banking sector's hive down and establishment of a new company-credit institution ("Demerger") under the corporate name "Eurobank S.A." ("the Beneficiary") was approved. Following the approval of the Demerger, the Demerged Entity, which as of 23 March 2020 was renamed to "Eurobank Ergasias Services and Holdings S.A.", became the sole shareholder of the Beneficiary by acquiring all of its issued shares. Further information is provided in note 31.

(b) Eurobank FPS Loans and Credits Claim Management S.A., Greece

In June 2020, in the context of the binding agreements that Eurobank Ergasias S.A. had entered into with doValue S.p.A. in December 2019, the Bank sold 80% of its subsidiary Eurobank FPS Loans and Credits Claim Management S.A. - project "Europe". Further information is provided in note 13.

(c) ERB Leasing Bulgaria EAD, Bulgaria

In February 2020, the legal merger of Eurobank Bulgaria A.D. and ERB Leasing Bulgaria EAD, by absorption of the latter by the former was announced.

(d) CEH Balkan Holdings Ltd, Cyprus

The dissolution of the company was completed in January 2020.

(e) Special purpose financing vehicles for the securitization of Bank loans and related real estate companies – Project "Cairo"

On 5 June 2020, the Company announced that the sale of a portion of mezzanine and junior securitization notes of the € 7.5 billion multi-asset NPE securitization (project "Cairo"), has been completed (note 24). Following the above, the Company ceased to have control over the related special purpose financing vehicles (Cairo No. 1 Finance Designated Activity Company, Cairo No. 2 Finance Designated Activity Company, Cairo No. 3 Finance Designated Activity Company) and the related real estate companies (Cairo Estate I Single Member S.A., Cairo Estate II Single Member S.A., Cairo Estate III Single Member S.A.), and as a result they were not included in the interim consolidated financial statements for the period ended 30 June 2020.

(f) ERB Hellas Funding Ltd, Channel Islands

In June 2020, the liquidation of the company was decided.

(g) Adariano Investments Ltd and Elerovio Holdings Ltd, real estate companies, Cyprus

In the context of the management of its NPEs, in the second quarter of 2020, the Bank's subsidiary Eurobank Cyprus Ltd established the wholly owned subsidiaries, Adariano Investments Ltd and Elerovio Holdings Ltd, to operate as real estate companies in Cyprus.

(h) Mairanus Ltd, portfolio company, Cyprus

In June 2020, the Company acquired 100% of the shares of Mairanus Ltd for a cash consideration of € 2 thousand. In the same month, the Company following the respective decision by its Board of Directors, contributed cash of € 1.5 million and the retained Cairo notes of fair value € 56 million in exchange for newly-issued shares of Mairanus Ltd, which will be distributed to Eurobank Holdings shareholders, as the last step of the Cairo transaction (note 31).

(i) ERB Recovery Designated Activity Company, Ireland

In June 2020, the Bank established ERB Recovery Designated Activity Company, a special purpose financing vehicle for the securitization of a portfolio of mortgage, consumer, SME (small and medium enterprise) and corporate loans.

Post balance sheet events

Eurobank Finance S.A., Romania

In July 2020, the distribution of the company's surplus assets to its shareholders was completed.

Sagiol Ltd, Cyprus and Piraeus Port Plaza 2, Greece

In July 2020, the Bank acquired 100% of the shares and voting rights of Sagiol Ltd, which held 51% of the shares and voting rights of the Group's joint venture, Piraeus Port Plaza 2. Consequently, as of July 2020, Piraeus Port Plaza 2 became a wholly owned subsidiary of the Bank.

18. Investments in associates and joint ventures

As at 30 June 2020, the carrying amount of the Group's investments in associates and joint ventures amounted to € 301 million (31 December 2019: € 235 million). The following is the listing of the Group's associates and joint ventures as at 30 June 2020:

Name	Note	Country of incorporation	Line of business	Group's share
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	21.43
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 FFH 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.		Greece	Real estate	50.00
Piraeus Port Plaza 2		Greece	Real estate	49.00
Piraeus Port Plaza 3		Greece	Real estate	49.00
Value Touristiki S.A.		Greece	Real estate	49.00
Grivalia Hospitality S.A. (3)		Luxembourg	Real estate	25.00
Information Systems Impact S.A.		Greece	Information systems services	15.00
doValue Greece Loans and Credits Claim Management S.A.	b	Greece	Loans and Credits Claim Management	20.00

(1) Entity under liquidation at 30 June 2020.

(2) Eurolife Insurance group (Eurolife ERB Insurance Group Holdings S.A., which as of 18 May 2020 was renamed to Eurolife FFH 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

In the period ended 30 June 2020, the Group's participation in Singidunum decreased from 22.47% to 21.43%, following additional share capital increases in favor of the other shareholder.

(b) doValue Greece Loans and Credits Claim Management S.A., Greece

On 5 June 2020, Eurobank Holdings announced the completion of the sale of 80% of Eurobank FPS Loans and Credits Claim Management S.A. (note 13). Hence, as of June 2020 the company is considered as a Group's associate and accordingly is accounted under the equity method in the consolidated financial statements. Also, in June 2020, the company was renamed to "doValue Greece Loans and Credits Claim Management S.A.".

Post balance sheet events

Piraeus Port Plaza 2, Greece

As of July 2020, Piraeus Port Plaza 2 ceased to be a Group's joint venture and became a wholly owned subsidiary of the Bank (note 17).

Singidunum - Buildings d.o.o. Beograd, Serbia

In August 2020, the Group's participation in Singidunum decreased from 21.43% to 21.20%, following an additional share capital increase in favor of the other shareholder.

19. Property and equipment and Investment property

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

	30 June 2020 € million	31 December 2019 € million
Land, buildings, leasehold improvements	**447**	474
Furniture, equipment, motor vehicles	**38**	41
Computer hardware, software	**62**	57
Right of use of assets [1]	**193**	174
Total property and equipment	**740**	746
Investment property	**1,370**	1,184
Total	**2,110**	1,930

[1] The respective lease liabilities are presented in "other liabilities" (note 25).

The movement of investment property is as follows:

	30 June 2020 € million
Balance at 1 January	**1,184**
Additions	**155**
Transfers	**24**
Disposals	**(7)**
Net gain/(loss) from fair values adjustments	**14**
Balance at 30 June	**1,370**

Out of the total additions of investment property during the period, the amount of € 120 million relates to the fulfilment of the Group's contractual obligation at the end of 2019 for the purchase of four real-estate properties leased to Sklavenitis group.

In the period ended 30 June 2020, the Group recognized rental income of € 39 million from real estate properties in the income statement line 'income from non banking services' (30 June 2019: € 20 million). The significant increase compared to the first half of 2019 is attributable to the results of former Grivalia group operations, which have been incorporated in the Group's financial statements as of the second quarter of 2019.

The valuation methods and key assumptions required under each method, based on which the carrying value of investment property portfolio is determined as at 30 June 2020 as well as the sensitivity analysis on key assumptions, are described in the consolidated financial statements of Eurobank Ergasias S.A. for the year ended 31 December 2019.

As the Covid-19 pandemic still evolves, its duration and the full scope of its economic impact is still unknown at this time. Considering that there is no solid market information and sufficient number of comparable transactions to quantify any relevant effects or determine their nature as well as the fact that these effects are usually incorporated gradually and with a time lag in real-estate market valuations, investment property portfolio has not been revalued since 31 December 2019 due to Covid-19 pandemic.

The Group will continue to monitor closely the effect of the economic environment on the valuation of its investment properties.

20. Other assets

	30 June 2020 € million	31 December 2019 € million
Receivable from Deposit Guarantee and Investment Fund	**707**	707
Repossessed properties and relative prepayments	**611**	614
Pledged amount for a Greek sovereign risk financial guarantee	**238**	238
Balances under settlement (2)	**15**	44
Prepaid expenses and accrued income	**119**	93
Other guarantees	**95**	85
Income tax receivable (1)	**49**	42
Other assets	**229**	180
Total	**2,063**	2,003

(1) Includes withholding taxes, net of provisions.
(2) Includes settlement balances with customers, balances under settlement relating to the auction process and brokerage activity.

As at 30 June 2020, other assets net of provisions, amounting to € 229 million include, among others, receivables related to (a) prepayments to suppliers, (b) public entities, (c) property management activities and (d) legal cases.

21. Due to central banks

	30 June 2020 € million	31 December 2019 € million
Secured borrowing from ECB	**8,019**	1,900

The European Central Bank (ECB) has introduced a series of measures since March 2020 in order to further support the liquidity conditions of the banking system, the money market activity and the lending to the real economy in the face of the effects of the Covid-19 pandemic. A series of additional longer term refinancing operations (LTROs) entered into force until 24 June 2020, while the terms and conditions of targeted longer-term refinancing operations (TLTRO III) have been modified to facilitate the provision of credit to households and firms. In particular, the interest rate on TLTRO III has been reduced to -0.5% for the period from June 2020 to June 2021, while for banks meeting the eligible lending threshold of 0% between 1 March 2020 and 31 March 2021, the interest rate may even reach at minimum -1%. In the context of the aforementioned measures, the Group increased the borrowing from ECB's longer-term refinancing operations by € 5.32 billion from 31 March 2020, reaching € 8.02 billion at the end of June 2020, using as collaterals, among others, Greek government bonds which became eligible for such financing following the temporary pandemic emergency purchase programme (PEPP) announced by ECB in March 2020.

22. Due to credit institutions

	30 June 2020 € million	31 December 2019 € million
Secured borrowing from credit institutions	**1,124**	4,267
Borrowings from international financial and similar institutions	**694**	632
Current accounts and settlement balances with banks	**93**	77
Interbank takings	**3**	46
Total	**1,914**	5,022

As at 30 June 2020, secured borrowing from credit institutions refers mainly to transactions with foreign institutions, which were conducted with collaterals government – mainly Greek - and corporate securities (note 16). As at 30 June 2020, 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 2020 € million	31 December 2019 € million
Savings and current accounts	**27,676**	26,200
Term deposits	**17,271**	18,430
Repurchase agreements	**200**	200
Other term products (note 24)	**10**	11
Total	**45,157**	44,841

Other term products relate to senior medium-term notes held by the Bank's customers.

For the period ended 30 June 2020, due to customers for the Greek and International operations amounted to € 32,718 million and € 12,439 million, respectively (31 December 2019: € 32,444 million and € 12,397 million, respectively).

24. Debt securities in issue

	30 June 2020 € million	31 December 2019 € million
Securitisations	**571**	943
Subordinated notes (Tier 2)	**947**	947
Covered bonds	**508**	500
Medium-term notes (EMTN) (note 23)	**15**	16
Total	**2,041**	2,406

Securitisations

Following their partial redemption in the first half of 2020, the carrying value of the asset backed securities issued by the Bank's special purpose financing vehicles Maximus Hellas DAC and Astarti DAC and held by an international institutional investor (Class A notes), as at 30 June 2020 amounted to € 346 million and € 225 million, respectively (31 December 2019: € 614 million and € 329 million, respectively).

Pillar securitization

In June 2019, the Group through its special purpose financing vehicle (SPV) 'Pillar Finance Designated Activity Company', issued asset backed securities (notes) of total value of ca. € 2 billion collateralized by a portfolio of primarily non performing residential mortgage loans (project Pillar), which were fully retained by the Group. The securitization notes consisted of € 1,044 million senior issued at par, € 310 million mezzanine issued at par and € 645 million junior of issue price € 1. In the same month, the Group announced that it has entered into 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. Upon the completion of the transaction, in September 2019, the Group ceased to have control over the SPV.

Cairo securitisation

In June 2019, the Group, through its special purpose financing vehicles (SPVs) '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 (notes) of total value of ca. € 7.5 billion, collateralized by a mixed assets portfolio of primarily non performing loans, which were fully retained by the Group. The securitization notes consisted of € 2,409 million senior issued at par, € 1,464 million mezzanine issued at par and € 3,633 million junior of issue price € 1.

In the context of Law 4649/2019 ('Hercules' – Hellenic Asset Protection Scheme) voted by the Greek parliament on 16 December 2019, the SPVs opted in for the state guarantee scheme. Specifically, the Group submitted the relevant applications to the Ministry of Finance on 25 February 2020 for Cairo No.1 and Cairo No.2 and on 15 May 2020 for Cairo No. 3. As a prerequisite to the above law, the Group has already obtained the required external rating of the senior notes.

In December 2019, the Group announced that it has entered into binding agreement with doValue S.p.A. for the sale of 20% of the mezzanine and 50.1% of the junior notes of the aforementioned Cairo securitization for a cash consideration of ca. € 14 million. Upon the completion of the transaction, in June 2020, the Group ceased to have control over the SPVs.

Finally, in June 2020, Eurobank Holdings, following the respective decision of the Board of Directors, proceeded to the contribution of the Cairo notes retained, i.e. 75% of the mezzanine and 44.9% of the junior notes, of total fair value of ca. € 56 million to the Cyprus-based subsidiary 'Mairanus Ltd' in exchange for its newly-issued shares.

A description of the accounting implications of the aforementioned transactions and events is provided in notes 15 and 31.

Tier 2 Capital instruments

In January 2018, Eurobank Ergasias S.A. 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%, that shall be payable semi-annually, as at 30 June 2020, amounted to € 947 million, including € 3 million unamortized issuance costs and € 0.2 million accrued interest.

Covered bonds

In February 2020, Eurobank Ergasias S.A. proceeded with the partial cancellation of covered bonds of face value of € 150 million, previously retained by the entity.

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).

Post balance sheet event

On 13 July 2020 the Bank, through its special purpose financing vehicle ERB Recovery Designated Activity Company, issued asset backed securities of total face value of € 9.6 billion, collateralized by a portfolio of mortgage, consumer, SME (small and medium enterprise) and corporate loans, which consisted of two classes of notes: (a) a senior class of notes of face value of € 1 billion and (b) junior class of variable funding notes of face value of € 8.6 billion. The aforementioned notes were fully retained by the Bank.

25. Other liabilities

	30 June 2020 € million	31 December 2019 € million
Balances under settlement [1]	**274**	326
Lease liabilities	**212**	193
Deferred income and accrued expenses	**164**	109
Other provisions	**95**	98
ECL allowance for credit related commitments	**57**	64
Standard legal staff retirement indemnity obligations	**45**	52
Employee termination benefits	**28**	32
Sovereign risk financial guarantee	**39**	41
Acquisition obligation	**15**	22
Income taxes payable	**15**	7
Deferred tax liabilities (note 12)	**10**	9
Other liabilities	**199**	238
Total	**1,153**	1,191

[1] Includes settlement balances relating to bank cheques and remittances, credit card transactions, other banking and brokerage activities.

As at 30 June 2020, other liabilities amounting to € 199 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 2020, other provisions amounting to € 95 million (31 December 2019: € 98 million) mainly include: (a) € 55 million for outstanding litigations against the Group (note 30), (b) € 32 million for other operational risk events, of which € 22 million is related to Romanian disposal group (note 13) and (c) € 4 million for restructuring costs mainly relating to the acquisition of Piraeus Bank Bulgaria A.D.

For the period ended 30 June 2020, an amount of € 4.5 million has been recognised in the Group's income statement for employee termination benefits. The Voluntary Exit Scheme (VES) has been offered to employees 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.

Additionally, pursuant to the arrangements of the agreement for the disposal of Eurobank FPS Loans and Credits Claim Management S.A. (FPS), the reorganization of the Bank's TAG unit, has been completed since the end of March 2020 (note 13). Following the above, the defined benefit obligations of the Bank and FPS were remeasured at the end of March 2020 using updated actuarial assumptions, which mainly referred to the change of the discount rate from 0.89% as at 31 December 2019 to 1.75% as at 31 March 2020. As a result, in the period ended 30 June 2020, actuarial gains of € 4.2 million, net of tax, were recognized directly in the Group's other comprehensive income.

Post balance sheet event

In July 2020, the Group decided to launch a new VES for eligible units in Greece, which will be offered to employees over a specific age limit. The estimated cost of the new VES, which will be implemented through either lump-sum payments or long term leaves during which they will be receiving a percentage of a monthly salary, or a combination thereof, amounts to ca. € 72 million, pre- tax. The estimated saving in personnel expenses amounts to € 25 million on an annual basis.

26. Share capital, share premium and treasury shares

As at 30 June 2020, the par value of the Company's shares is € 0.23 per share (31 December 2019: € 0.23). 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 2020	**853**	**(1)**	**852**	**8,056**	**(2)**	**8,054**
Purchase of treasury shares	**-**	**(0)**	**(0)**	**-**	**(0)**	**(0)**
Sale of treasury shares	**-**	**1**	**1**	**-**	**1**	**1**
Balance at 30 June 2020	**853**	**(0)**	**853**	**8,056**	**(1)**	**8,055**

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

	Number of shares		
	Issued shares	Treasury shares	Net
Balance at 1 January 2020	**3,709,161,852**	**(2,815,312)**	**3,706,346,540**
Purchase of treasury shares	**-**	(1,512,724)	**(1,512,724)**
Sale of treasury shares	**-**	2,512,232	**2,512,232**
Balance at 30 June 2020	**3,709,161,852**	**(1,815,804)**	**3,707,346,048**

Treasury shares

In the ordinary course of business, the Company's subsidiaries, except Eurobank S.A., 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 Company, it is not permitted to the Company to purchase treasury shares without the approval of the HFSF.

In addition, as at 30 June 2020 the number of the Company's shares held by the Group's associates in the ordinary course of their insurance and investing activities was 65,008,565 in total (31 December 2019: 63,158,565).

Post balance sheet events

Decrease of the share capital in kind

On 7 July 2020, the Board of Directors of the Company proposed to the General Shareholders' Meeting the distribution of Mairanus Ltd shares to the Company's shareholders through the decrease in kind of its share capital.

Following the above, on 28 July 2020, the General Meeting of the Shareholders of the Company approved among others:

(a) The decrease of the share capital in kind with the decrease in the nominal value of each ordinary share issued by the Company by € 0.0155 and distribution to the shareholders of the Company of shares issued by Mairanus Ltd, which shall be renamed to "Cairo Mezz Plc" (Issuer), with a value corresponding to the value of the share capital decrease, i.e. 309,096,821 common shares issued by the Issuer, each common registered share of nominal value € 0.10, at a ratio of 1 share of the Issuer for every 12 shares of the Company already held. Under the condition of prior receipt of the relevant approvals, the shares of the Issuer are expected to be listed on the Alternative Market (ENA) of the Athens Stock Exchange.

(b) The capitalization of taxed reserves amounting to € 20,400,390.19 for the purpose of rounding the new nominal value of each ordinary share issued by the Company.

Share options

In addition, the aforementioned General Meeting of the shareholders of the Company:

(a) approved the establishment of a five year shares award plan, starting from 2021, in the form of stock options rights by issuing new shares with a corresponding share capital increase, awarded to executives (of the Management) and personnel of the Company and its affiliated companies. The maximum number of rights that can be approved will be 55,637,000 rights, each of which will correspond to one new share, i.e. in case all option rights are exercised up to 55,637,000 new common registered shares of the Company in total will be allocated, corresponding to 1.5% of the current paid share capital. The exercise price of each new share is equal to the nominal value of the share, i.e. € 0.23.

(b) authorized the Board of Directors of Eurobank Holdings to determine the remaining terms and conditions of the plan.

27. Preferred securities

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. Accordingly, following a notice for redemption on 29 May, 21 June and 13 September 2019, series C, B and D preferred securities were redeemed on 9 July, 2 August and 29 October 2019, respectively.

On 23 January 2020, a notice for the redemption of the remaining preferred securities of series A was given to the holders and on 18 March 2020, the aforementioned notes of face value of € 1.6 million were redeemed. In addition, for the period ended 30 June 2020, ERB Hellas Funding Ltd declared and paid for Series A of preferred securities in accordance with its terms and following the redemption of the Greek State – owned preference shares (note 24) on 17 January 2018, the non-cumulative dividend of € 11 thousand.

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 including securitized loans issued by special purpose entities established by the Group and recognized in financial assets and debt securities issued by the Group.

Financial instruments carried 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 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
	€ million	**€ million**	**€ million**	**€ million**
Securities held for trading	**130**	**0**	**-**	**130**
Investment securities at FVTPL	**39**	**14**	**68**	**121**
Derivative financial instruments	**0**	**2,543**	**2**	**2,545**
Investment securities at FVOCI	**6,585**	**85**	**-**	**6,670**
Loans and advances to customers mandatorily at FVTPL	**-**	**-**	**25**	**25**
Financial assets measured at fair value	**6,754**	**2,642**	**95**	**9,491**
Derivative financial instruments	**0**	**3,211**	**-**	**3,211**
Trading liabilities	**59**	**-**	**-**	**59**
Financial liabilities measured at fair value	**59**	**3,211**	**-**	**3,270**

	31 December 2019			
	Level 1	Level 2	Level 3	Total
	€ million	€ million	€ million	€ million
Securities held for trading	110	0	0	110
Investment securities at FVTPL	48	19	67	134
Derivative financial instruments	0	2,262	0	2,262
Investment securities at FVOCI	6,184	94	-	6,278
Loans and advances to customers mandatorily at FVTPL	-	-	58	58
Financial assets measured at fair value	6,342	2,375	125	8,842
Derivative financial instruments	0	2,726	-	2,726
Trading liabilities	39	-	-	39
Financial liabilities measured at fair value	39	2,726	-	2,765

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 period ended 30 June 2020.

Reconciliation of Level 3 fair value measurements

	30 June 2020 € million
Balance at 1 January	**125**
Transfers into Level 3	**2**
Transfers out of Level 3 [(1)]	**(26)**
Additions, net of disposals and redemptions	**(7)**
Total gain/(loss) for the period included in profit or loss	**1**
Balance at 30 June	**95**

[(1)] Loans and advances to customers classified as held for sale (note 15).

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 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.

Financial instruments not measured at fair value

The following tables present the carrying amounts and fair values of the Group's financial assets and liabilities which are not carried at fair value on the balance sheet:

	30 June 2020	
	Carrying amount € million	Fair value € million
Loans and advances to customers	**34,417**	**34,291**
Investment securities at amortised cost	**3,012**	**2,873**
Financial assets not measured at fair value	**37,429**	**37,164**
Debt securities in issue	**2,041**	**1,972**
Financial liabilities not measured at fair value	**2,041**	**1,972**

	31 December 2019	
	Carrying amount € million	Fair value € million
Loans and advances to customers	37,307	37,057
Investment securities at amortised cost	1,539	1,213
Financial assets not measured at fair value	38,846	38,270
Debt securities in issue	2,406	2,338
Financial liabilities not measured at fair value	2,406	2,338

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 including securitized loans issued by special purpose entities established by the Group: 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 2020 € million	31 December 2019 € million
Cash and balances with central banks (excluding mandatory and collateral deposits with central banks)	**3,467**	4,106
Due from credit institutions	**1,008**	444
Securities held for trading	**-**	1
Total	**4,475**	4,551

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

	30 June 2020 € million	30 June 2019 € million
Amortisation of premiums/discounts and accrued interest	**33**	55
(Gains)/losses from investment securities	**(49)**	(44)
Dividends	**(0)**	(1)
Total	**(16)**	10

In the period ended 30 June 2020, changes in debt securities in issue arising from accrued interest and amortisation of debt issuance costs amount to € 9 million (30 June 2019: € 38 million).

In the period ended 30 June 2020, other adjustments of € 221 million include € 219 million gain on the disposal of FPS (note 13).

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 2020 € million	31 December 2019 € million
Financial guarantee contracts	**636**	723
Commitments to extend credit	**1,205**	1,115
Other credit related commitments	**486**	507
Total	**2,327**	2,345

The credit related commitments within the scope of IFRS 9 impairment requirements amount to € 5.5 billion (31 December 2019: € 5.3 billion), including revocable loan commitments of € 3.1 billion (31 December 2019: € 3 billion), while the corresponding allowance for impairment losses amounts to € 69 million, of which € 12 million refer to letter of guarantees related to the Cairo loan portfolio, that has been classified as held for sale (note 15) (31 December 2019: € 64 million).

In addition, the Group has issued a sovereign risk financial guarantee of € 0.24 billion (31 December 2019: € 0.24 billion) for which an equivalent amount has been deposited under the relevant pledge agreement (note 20).

Legal proceedings

As at 30 June 2020, a provision of € 55 million has been recorded for a number of legal proceedings outstanding against the Group (31 December 2019: € 59 million). 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 2019: € 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.

Following the completion of the banking sector's hive down of Eurobank Ergasias S.A. (Demerged entity) the Beneficiary (i.e. Eurobank S.A., "Bank") substitutes the Demerged Entity (currently Eurobank Holdings), by way of universal succession, to all the transferred assets and liabilities (note 31), while pending lawsuits where the Demerged entity was an involved party and are related to the hived down banking sector, will continue ipso jure by the Bank or against it.

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. 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. As to certain aspects of Swiss Francs loans there was a 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.

On the class action that has been filed by a consumer union, 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 a petition of cassation which was heard on 13 January 2020 after cancellation due to elections and the decision is pending to be issued.

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. Corporate Transformation-Hive down

In November 2018, the Group announced its transformation plan aiming to enable the former to deal with the challenging non-performing loans (NPEs) reduction targets, achieve a significant balance sheet de-risking and focus on the core banking business. The aforementioned transformation plan included the merger with Grivalia, which was completed in April 2019, and the NPEs reduction Acceleration Plan comprising the steps described below:

a) In June 2019, the Group, through the special purpose financing vehicle (SPV) 'Pillar Finance Designated Activity Company' issued senior, mezzanine and junior notes of total value of ca. € 2 billion, via a securitization of NPEs, which were fully retained by the Group. In September 2019, the Group sold the 95% of the above-mentioned mezzanine and junior notes to Celidoria S.A R.L. Upon the completion of the above sale, the Group ceased to control the SPV and de-recognized the underlying loan portfolio in its entirety, on the basis that it transferred substantially all the risks and rewards of the underlying loan portfolio's ownership. In addition, the Group recognized the retained notes, i.e. 100% of the senior, 5% of the mezzanine and junior notes, on its balance sheet (notes 15 and 24).

b) In June 2019, the Group, through its special purpose financing vehicles (SPVs) 'Cairo No. 1 Finance Designated Activity Company', 'Cairo No. 2 Finance Designated Activity Company' and 'Cairo No. 3 Finance Designated Activity Company', issued senior (Class A), mezzanine (Class B1 and B2) and junior (Class C1 and C2) notes of total value of ca. € 7.5 billion, via a securitization of a mixed portfolio consisting primarily of NPEs, which were fully retained by the Group. The control of the SPVs resides with the majority holder of Class

B1. Accordingly, the Group, being the sole holder of the issued notes, controlled the SPVs and continued recognizing the underlying loan portfolio on its balance sheet on the basis that it retained substantially all risks and rewards of ownership (note 24).

c) On 20 March 2020, the demerger of Eurobank Ergasias S.A. through the hive down of the banking sector and the establishment of a new company-credit institution under the corporate name 'Eurobank S.A.' was completed (as detailed in Hive Down section below). At the aforementioned date, Eurobank S.A. assumed, inter alia, 100% of the senior, 5% of the mezzanine and junior notes of the Cairo securitization. The rest of the Cairo notes, i.e. 95% of the mezzanine and junior notes, remained with Eurobank Holdings. The transaction had no accounting impact on the Group's consolidated financial statements.

On 23 March 2020, the distinctive title of Eurobank Ergasias S.A. was amended to Eurobank Holdings.

d) In December 2019, Eurobank Ergasias S.A. announced that it has entered into binding agreements with doValue S.p.A. for: (i) the sale of 80% of its subsidiary Eurobank FPS Loans and Credits Claim Management S.A. transferred to Eurobank S.A. as part of the assets transferred through the hive down process (note 13) and (ii) the sale of 20% of the mezzanine (representing the 80% of Class B1) and 50.1% of the junior notes of the aforementioned Cairo securitization in exchange for a cash consideration of ca. € 14 million. In June 2020 the sale was completed.

Upon the sale of 20% of the mezzanine notes, which effectively represents the majority stake of Class B1, the Group ceased to control the SPVs and the related Cairo real estate companies, i.e. Cairo Estate I Single Member S.A, Cairo Estate II Single Member S.A, Cairo Estate III Single Member S.A. Furthermore, being the holder of 100% of the senior, 80% of the mezzanine and 49.9% of the junior notes, the Group, continued to recognize the underlying loan portfolio on its balance sheet on the basis that it continued to retain substantially all risks and rewards of ownership (notes 15 and 24).

The table below presents the ownership distribution of Cairo notes following the steps described in points (b) to (d) above:

Cairo noteholders after the completion of the sale transaction

Cairo notes	(A) - Eurobank S.A.[1]	(B) - Eurobank Holdings	(C) = (A) + (B) - Eurobank Holdings Group	(D) - Third parties[2]	(E) = (C) +(D) - Total issue
A Senior	**100%**	**0%**	**100%**	**-**	**100%**
B1 Mezzanine	5%	-	5%	20%	25%
B2 Mezzanine	-	75%	75%	-	75%
B Total	**5%**	**75%**	**80%**	**20%**	**100%**
C1 Junior	5%	-	5%	50.1%	55.1%
C2 Junior	-	44.9%	44.9%	-	44.9%
C Total	**5%**	**44.9%**	**49.9%**	**50.1%**	**100%**

[1] *Transferred from Eurobank Ergasias S.A. upon hive down.*
[2] *Sold to doValue S.p.A.*

e) On 15 June 2020, Eurobank Holdings, following a decision of the Board of Directors (BoD), proceeded to the contribution of the retained Cairo notes, i.e. 75% of the mezzanine and 44.9% of the junior notes along with an amount of € 1.5 million in cash to its Cyprus-based subsidiary Mairanus Ltd, which shall be renamed to 'Cairo Mezz Plc', in exchange for the newly-issued shares of the above mentioned subsidiary. Based on the valuation, according to the provisions of Article 17 of L. 4548/2018, the fair value of the shares received by Eurobank Holdings amounted to € 57.5 million consisting of the fair value of the contributed Cairo notes of € 56 million and the cash amount of € 1.5 million (notes 17 and 24). The abovementioned BoD decision for the contribution of the Cairo notes retained by Eurobank Holdings initiates the distribution process and clearly demonstrates Management's commitment to the specific plan for the notes' disposal as the last step to the Group's Corporate Transformation Plan, and eventually the Cairo loan portfolio derecognition from its balance sheet.

Accordingly, as at 30 June 2020, the Group proceeded with the re-measurement of the portfolio's expected credit losses in accordance with its accounting policy for the impairment of financial assets and classified as held for sale the underlying loan portfolio in accordance with the provisions of IFRS 5 'Non current assets held for sale and discontinued operations'.

The impairment loss of € 1,509 million recognized in the second quarter of 2020, was based on the fair valuation of the notes retained by the Group as at 30 June 2020 (notes 10 and 15).

f) On 7 July 2020, the BoD of Eurobank Holdings proposed to the General Shareholders' Meeting the distribution of Mairanus Ltd shares to Eurobank Holding's shareholders through the decrease in kind of its share capital. Subject to prior receipt of the relevant approvals, Mairanus Ltd shares are expected to be listed to the Alternative Market (ENA) of the Athens Stock Exchange. On 28 July 2020, the General Shareholders' Meeting approved the decrease in kind of Eurobank Holdings' share capital via the decrease of the nominal value of each ordinary share. The impact from the distribution of Mairanus Ltd shares to Eurobank Holding's shareholders, i.e. the reduction by an equal amount of € 57.5 million of Eurobank Holding's share capital along with the related costs directly attributable to the equity transaction of ca. € 1 million, will be recorded in the third quarter of 2020 (note 26).

The below table presents, the ownership distribution of the Cairo notes following the completion of all steps involved, as described in points (b) to (f) above, as well as the respective valuation prices of each class of notes:

Cairo noteholders after the completion of the distribution (expected in September 2020)

Cairo notes	(A) - Eurobank S.A.[1]	(B) - Eurobank Holdings	(C) = (A) + (B) - Eurobank Holdings Group	(D) - Mairanus Ltd[2]	(E) - Third parties[3]	(F) = (C) + (D) + (E) - Total issue	*Valuation price*
A Senior	**100%**	**0%**	**100%**	**0%**	**-**	**100%**	***100%***
B1 Mezzanine	5%	-	5%	-	20%	25%	
B2 Mezzanine	-	0%	0%	75%	-	75%	
B Total	**5%**	**0%**	**5%**	**75%**	**20%**	**100%**	***5%***
C1 Junior	5%	-	5%	-	50.1%	55.1%	
C2 Junior	-	0%	0%	44.9%	-	44.9%	
C Total	**5%**	**0%**	**5%**	**44.9%**	**50.1%**	**100%**	***0%***

(1) *Transferred from Eurobank Ergasias S.A. upon hive down.*
(2) *Contributed by Eurobank Holdings and subsequently will be distributed to its shareholders.*
(3) *Sold to doValue S.p.A.*

Following the completion of all steps involved, as described in points (b) to (f) above, the total expected equity impact for the Group is presented in the below table:

	NAV Impact
Gain from sale of FPS	**173**
Impairment loss upon securitized loans' de-recognition (note 15)	**(1,509)**
Distribution of Mairanus shares	**(58)**
Total	**(1,394)**

Hive down

On 28 June 2019, the BoD of Eurobank Ergasias S.A. ("Demerged Entity") decided the initiation of the hive down process of the banking sector of the Demerged Entity and its transfer to a new company-credit institution that would be established ("the Beneficiary").

On 31 July 2019, the BoD of Eurobank Ergasias S.A. 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 would involve the hive-down of the banking sector of Eurobank Ergasias S.A., to which the assets and the liabilities are included, as described on the transformation balance sheet of the hived-down sector as at 30 June 2019 ("Transformation Date"). In accordance with the Draft Demerger Deed, Eurobank Ergasias S.A. retained the 95% of the Pillar mezzanine and junior notes which in September 2019 were sold to a third party investor, as well as the participation in Pillar DAC and the related Pillar real estate entity.

On 31 January 2020, the Demerged Entity's Extraordinary General Shareholders' Meeting (EGM) resolved, among others: a) the approval of the aforementioned demerger of Eurobank Ergasias S.A. through the banking sector's hive down and the establishment of a new company-credit institution under the corporate name "Eurobank S.A.", b) the approval of the Draft Demerger Deed as well as the Articles of Association of the Beneficiary, as they were approved by the Demerged Entity's BoD and c) the adjustment of the

Articles of Association of the Demerged Entity which would cease to be a credit institution by amending its object and corporate name, as was also approved by its BoD.

On 20 March 2020, the demerger of Eurobank Ergasias S.A. through the banking sector's hive down and the establishment of a new company-credit institution ("Demerger") under the corporate name "Eurobank S.A" as well as the Articles of Association of the Beneficiary were approved by virtue of the decision of the Ministry of Development and Investments No 31847/20.03.2020, which was registered on the same day in the General Commercial Registry. At the aforementioned date: a) the Demerged Entity becomes 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 as at 30 June 2019 and formed up to 20 March 2020, day of the Demerger's completion.

On 23 March 2020, the Articles of Association of the Demerged Entity were amended with the decision of the Ministry of Development and Investments, Number 32403/23.03.2020, which was registered on the same day in the General Commercial Registry. According to article 1 of the Articles of Association, the corporate name and the distinctive title of the Demerged Entity is amended to "Eurobank Ergasias Services and Holdings S.A." and "Eurobank Holdings" respectively. The date of change of the Company's corporate name and distinctive title in the Athens Exchange was set for 24 March 2020.

The hive down of the banking sector (including subsidiaries/associates) constitutes a common control transaction, which involves a new entity to effect the combination of entities under common control. As a common control transaction, the hive down does not fall within the scope of the IFRS 3 'Business Combinations'; furthermore, it is a common control transaction that involves the set-up of a new company, which is neither the acquirer, nor a business and therefore it is not a business combination as defined by IFRS 3. Since IFRS 3 guidance does not apply, and the hive down does not meet the definition of a business combination under common control, it is accounted for as a capital re-organisation of the transferred business on the basis that no substantive economic change has occurred. In line with the Group's accounting policy for business combinations that involve the formation of a new entity, in case of a capital reorganization, the acquiring entity incorporates the assets and liabilities of the acquired entity at their carrying amounts, as presented in the books of that acquired entity, rather than those from the highest level of common control. Any difference between the cost of the transaction and the carrying amount of the net assets acquired is recognized in the equity of the new entity. In addition, the capital reorganization transactions do not have any impact on the Group's consolidated financial statements.

Accordingly, in the separate financial statements of Eurobank Holdings, the assets and liabilities of the business transferred (including investments in subsidiaries and associates) to Eurobank (Beneficiary) were derecognised and the investment in the Beneficiary was recognised at cost, which is the carrying value of the net assets given up. The Beneficiary respectively incorporated the assets and liabilities of the existing business at their pre-combination carrying amounts with a corresponding increase in share capital. Pre-existing valuation reserves under IFRS that were transferred to the Beneficiary were separately recognized in the Beneficiary's total equity.

In accordance with the Demerger Deed, Eurobank Holdings maintained 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, Eurobank Holdings retained the 95% of Cairo mezzanine and junior notes, the preferred securities and the participations in certain subsidiaries including Be Business Exchanges S.A., Cairo DACs, Pillar and Cairo real estate entities. In case of any assets or liabilities that would not be possible to be transferred, in the context of the above mentioned Draft Demerger Deed, the Demerged Entity undertakes the obligation to collect or liquidate the assets in accordance with the Beneficiary's instructions whereas the Beneficiary undertakes the obligation to indemnify the Demerged Entity for the settlement of the liabilities including any arising costs or losses. Accordingly, the Beneficiary, receives the remaining assets (including 100% of Cairo senior and 5% of mezzanine and junior notes that were recognized at fair value) and liabilities that constitute the banking sector, by issuing shares to the Demerged entity.

In addition, considering that the obligations of the Demerged Entity arising from the Tier 2 Subordinated Capital Instruments were not transferred to the Beneficiary, the latter pursuant to the terms of the Draft Demerger Deed has explicitly and irrevocably undertaken to fulfil the relevant obligations. In that context, on 20 March 2020, the Beneficiary issued a subordinated instrument of equivalent terms with those of TIER 2 mentioned above, which was fully subscribed by the Demerged Entity.

The table below presents at the hive down date, i.e. 20 March 2020, Eurobank Ergasias S.A. balance sheet before the hive down, and the adjustments made to derive both balance sheets of Eurobank and Eurobank Holdings after hive down.

	20 March 2020				
	(A) - Eurobank Ergasias S.A. € million	(B) - Intercompany (IC) net assets contributed to Eurobank S.A € million	(C) - Total net assets contributed to Eurobank S.A. € million	(D) - IC net assets of Eurobank Holdings & investment in Eurobank S.A. € million	(E) = (A) + (B) - (C) + (D) Eurobank Holdings S.A. € million
ASSETS					
Cash and balances with central banks	1,916		1,916		-
Due from credit institutions	3,887		3,817	103 [1]	173
Securities held for trading	28		28		-
Derivative financial instruments	2,381		2,381		-
Loans and advances to customers	30,023	2,425 [2]	28,592		3,856
Investment securities	6,995		6,995	950 [3]	950
Shares in subsidiaries	1,855		1,854	4,090 [4]	4,091
Investments in associates and joint ventures	101		101		-
Property and equipment	567		567		0
Investment property	873		873		-
Goodwill and other intangible assets	316		316		0
Deferred tax assets	4,832		4,832		-
Other assets	1,778	4	1,779		3
Assets of disposal groups classified as held for sale	41		41		-
Total assets	55,593	2,429	54,092	5,143	9,073
LIABILITIES					
Due to central banks	2,700		2,700		-
Due to credit institutions	7,677		7,677		-
Derivative financial instruments	2,904		2,904		-
Due to customers	33,169	103 [1]	33,272		-
Debt securities in issue	2,412	950 [3]	2,402	2,425 [2]	3,385
Other liabilities	1,064		1,047	4	21
Total liabilities	49,926	1,053	50,002	2,429	3,406
Total equity	5,667	1,376	4,090 [4]	2,714	5,667

Notes

1. € 103 million refer to deposits of Eurobank Holdings with Eurobank S.A.
2. € 2,425 million refer to the notes of Cairo securitizations retained by Eurobank S.A. (i.e. 100% senior notes, 5% of mezzanine and junior notes).
3. € 950 million refer to Tier 2 notes issued by Eurobank S.A. and retained by Eurobank Holdings.
4. € 4,090 million refer to the investment in Eurobank S.A. held by Eurobank Holdings corresponding to the net assets contributed to the former by Eurobank Ergasias S.A.; Eurobank S.A. total equity of € 4,090 million as at 20 March 2020 comprises (a) share capital of € 4,051.6 million as it has been determined based on the assets and liabilities included in the transformation balance sheet of the hived-down banking sector of Eurobank Ergasias S.A. as at 30 June 2019, (b) pre-existing valuation reserves of € 238.7 million and (c) retained losses of € 200.4 million.

32. Post balance sheet events

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

Note 2 - Basis of preparation and principal accounting policies
Note 3 - Significant accounting estimates and judgments in applying accounting policies
Note 4 – Capital Management
Note 6 – Earnings per share
Note 15 - Loans and advances to customers
Note 17 – Group composition
Note 18 - Investments in associates and joint ventures
Note 24 - Debt securities in issue
Note 25 – Other liabilities
Note 26 - Share capital, share premium and treasury shares
Note 31 - Corporate Transformation-Hive down

33. Related parties

On 20 March 2020, Eurobank Ergasias S.A. ("Demerged Entity") announced that the demerger of Eurobank Ergasias S.A. through the banking sector's hive down and the establishment of a new company-credit institution ("Demerger") under the corporate name "Eurobank S.A." (the Bank) was approved, while on 23 March 2020 "the Demerged Entity" was renamed to "Eurobank Ergasias Services and Holdings S.A." ("Company" or "Eurobank Holdings'') (note 31). Following the above, the key management personnel (KMP) of Eurobank Ergasias S.A. remained as Eurobank S.A.'s KMP. Furthermore, the Board of Directors (BoD) of Eurobank Holdings is the same as the BoD of Eurobank S.A. and part of the KMP of Eurobank S.A. provides services to Eurobank Holdings according to the terms of the relevant agreement between the two entities. As at 30 June 2020, the percentage of the Company's ordinary shares with voting rights held by the Hellenic Financial Stability Fund (HFSF) stands at 1.40%. The HFSF is considered to have significant influence over the Company pursuant to the provisions of the Law 3864/2010, as in force the Relationship Framework Agreement (RFA) Eurobank Ergasias S.A. has entered into with the HFSF on 4 December 2015 and the Tripartite Relationship Framework Agreement (TRFA) between Eurobank S.A., the Company and the HFSF signed on 23 March 2020. 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 2019.

In addition, as of December 2019, Fairfax Financial Holdings Limited has obtained the required regulatory approvals in relation to the increase of its shareholding in Eurobank Ergasias S.A., which arose from the merger of the latter with Grivalia Properties REIC in the same year. Accordingly Fairfax group, which as at 30 June 2020 holds 31.27% in the Company's share capital, is considered to have significant influence over the Company.

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.

The outstanding balances of the transactions with (a) Fairfax group, (b) 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 2020			31 December 2019		
	Fairfax Group	**KMP[1] and Entities controlled or jointly controlled by KMP**	**Associates and joint ventures**	Fairfax Group	KMP[1] and Entities controlled or jointly controlled by KMP	Associates and joint ventures
	€ million	**€ million**	**€ million**	€ million	€ million	€ million
Loans and advances to customers	**7.00**	**3.98**	**26.08**	3.33	6.20	24.59
Other assets	**0.40**	**-**	**54.53**	-	-	9.81
Due to customers	**0.98**	**20.49**	**131.30**	3.72	20.34	47.75
Derivative financial instruments liabilities	**0.01**	**-**	**-**	-	-	-
Other liabilities	**-**	**0.33**	**17.07**	-	0.04	3.76
Guarantees issued	**-**	**0.01**	**2.00**	0.40	0.01	2.00
Guarantees received	**-**	**0.02**	**-**	-	0.03	-

	Six months ended 30 June 2020			Six months ended 30 June 2019		
Net interest income	**0.11**	**(0.01)**	**(1.83)**	-	(0.01)	(2.18)
Net banking fee and commission income	**-**	**0.02**	**8.08**	-	0.01	5.88
Net trading income	**-**	**-**	**-**	-	-	0.19
Impairment losses relating to loans and advances including relative fees	**(0.02)**	**-**	**(2.55)**	-	-	(3.58)
Other operating income/(expenses) [2]	**1.77**	**(6.78)**	**(11.20)**	-	(4.35)	(12.58)

[1] *Includes the key management personnel of the Group and their close family members.*

[2] *For the period ended 30 June 2020, the amount of € 6.78 million (30 June 2019: € 4.35 million) relates to the services agreement with Grivalia Management Company S.A. for the management of the Group's real estate properties.*

For the period ended 30 June 2020, there were no material transactions with the HFSF. In addition, as at 30 June 2020 the loans, net of provisions, granted to non consolidated entities controlled by the Company pursuant to the terms of the relevant share pledge agreements amounted to € 2 million (31 December 2019: € 3 million).

For the period ended 30 June 2020, a reversal of impairment of € 0.4 million (30 June 2019: a reversal of impairment of € 0.2 million) has been recorded against loan balances with Group's associates and joint ventures, while the respective impairment allowance amounts to € 0.1 million (31 December 2019: € 0.5 million). In addition, as at 30 June 2020, the fair value adjustment for loans to Group's associates and joint ventures measured at FVTPL amounts to € 17.7 million.

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 € 3.26 million (30 June 2019: € 3.24 million) and long-term employee benefits of € 0.49 million (30 June 2019: € 0.49 million). In addition, as at 30 June 2020, the defined benefit obligation for the KMP amounts to € 1.52 million (31 December 2019: € 1.70 million), while the respective cost for the period through the income statement amounts to € 0.04 million and the actuarial gain through the other comprehensive income amounts to € 0.22 million (30 June 2019: € 0.05 million cost through the income statement).

34. Board of Directors

The Board of Directors (BoD) was elected by the Annual General Meeting (AGM) of the Shareholders 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:

- Mr. Theodoros Kalantonis, submitted his resignation, effective as of 3 April 2020.
- The BoD by its decision dated 8 April 2020, appointed Ms. Alice Gregoriadi and Ms. Irene Rouvitha Panou as their new independent non-executive members, in replacement of the resigned independent non-executive members Mr. Richard Boucher and Mr. Nikolaos Bertsos, and their term of office will expire concurrently with the term of office of the other members of the BoD.

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
K. Vassiliou	Deputy Chief Executive Officer
B. P. Martin	Non-Executive
A. Gregoriadi	Non-Executive Independent
I. Rouvitha- Panou	Non-Executive Independent
R. Kakar	Non-Executive Independent
J. Mirza	Non-Executive Independent
G. Myhal	Non-Executive Independent
D. Miskou	Non-Executive (HFSF representative under Law 3864/2010)

Athens, 15 September 2020

Georgios P. Zanias	**Fokion C. Karavias**	**Harris V. Kokologiannis**
I.D. No AI - 414343	I.D. No AI - 677962	I.D. No AN - 582334
CHAIRMAN	CHIEF EXECUTIVE OFFICER	GENERAL MANAGER OF GROUP FINANCE
OF THE BOARD OF DIRECTORS		GROUP CHIEF FINANCIAL OFFICER

V. Independent Auditor's Report on Review of Condensed Interim Financial Information (on the Interim Financial Statements of Eurobank Ergasias Services and Holdings S.A.)

KPMG Certified Auditors S.A.
3 Stratigou Tombra Street
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153 42 Athens, Greece
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Fax: +30 210 60 62 111

Independent Auditor’s Report on Review of Condensed Interim Financial Information

To the Shareholders of
Eurobank Ergasias Services and Holdings S.A.

Report on the Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying interim balance sheet of Eurobank Ergasias Services and Holdings S.A. (the “Company”) as at 30 June 2020 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 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 2020 is not prepared, in all material respects, in accordance with IAS 34 “Interim Financial Reporting”.

Athens, 15 September 2020

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

Harry Sirounis, Certified Auditor Accountant
A.M. SOEL 19071

VI. Interim Financial Statements of Eurobank Ergasias Services and Holdings S.A. for the six months ended 30 June 2020

EUROBANK ERGASIAS SERVICES and HOLDINGS S.A.

INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

30 JUNE 2020

8 Othonos Street, Athens 105 57, Greece

www.eurobankholdings.gr, Tel.: (+30) 214 40 61000

General Commercial Registry No: 000223001000

Selected Explanatory Notes to the Interim Financial Statements

Interim Balance Sheet

	Note	30 June 2020 € million	31 December 2019 € million
ASSETS			
Cash and balances with central banks		-	2,626
Due from credit institutions		**20**	3,459
Securities held for trading		-	50
Derivative financial instruments		-	2,278
Loans and advances to customers	11	-	29,698
Investment securities	12	**940**	6,580
Shares in subsidiaries	13	**4,091**	1,855
Investments in associates and joint ventures		-	100
Property and equipment		**0**	564
Investment property		-	721
Goodwill and other intangible assets		**0**	313
Deferred tax assets	9	-	4,754
Other assets		**1**	1,799
Assets of disposal groups classified as held for sale/distribution	10	**57**	49
Total assets		**5,109**	54,846
LIABILITIES			
Due to central banks		-	1,900
Due to credit institutions		-	8,201
Derivative financial instruments		-	2,724
Due to customers		-	32,693
Debt securities in issue	14	**947**	2,390
Other liabilities		**0**	1,081
Total liabilities		**947**	48,989
EQUITY			
Share capital	15	**853**	853
Share premium	15	**8,056**	8,056
Reserves and retained earnings		**(4,747)**	(3,054)
Hybrid capital	16	-	2
Total equity		**4,162**	5,857
Total equity and liabilities		**5,109**	54,846

Notes on pages 6 to 25 form an integral part of these interim financial statements.

Interim Income Statement

	Note	Six months ended 30 June 2020 € million	2019 Restated [1] € million
Net interest income	5	**63**	100
Commission income/(expense)	6	**(8)**	-
Other income/(expenses)		**(3)**	(0)
Operating income		**52**	100
Operating expenses	7	**(3)**	(4)
Profit from operations before impairments and provisions		**49**	**96**
Impairment losses relating to loans and advances to customers	8	**(1,509)**	(205)
Other impairment losses and provisions		**(10)**	-
Loss before tax		**(1,470)**	(109)
Income tax	9	**-**	31
Net loss from continuing operations		**(1,470)**	**(78)**
Net profit/(loss) from discontinued operations	10	**(41)**	30
Net loss		**(1,511)**	(48)

[1] The comparative information has been adjusted with: a) the restatement due to change in accounting policy for investment property performed in 2019 (note 2.2) and b) the presentation of the operations of the hived down banking sector as discontinued (note 10).

Notes on pages 6 to 25 form an integral part of these interim financial statements.

Interim Statement of Comprehensive Income

	Six months ended 30 June			
	2020		2019 Restated [1]	
	€ million		€ million	
Net loss		**(1,511)**		(48)
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	**8**		1	
- transfer to net profit, net of tax	**(1)**	**7**	(11)	(10)
Debt securities at FVOCI				
- changes in fair value, net of tax	**(143)**		437	
- transfer to net profit, net of tax	**(46)**	**(189)**	(214)	223
Other comprehensive income		**(182)**		213
Total comprehensive income				
- from continuing operations		**(1,470)**		(78)
- from discontinued operations		**(223)**		243
		(1,693)		165

[1] The comparative information has been adjusted with: a) the restatement due to change in accounting policy for investment property performed in 2019 (note 2.2) and b) the presentation of the operations of the hived down banking sector as discontinued (note 10).

Notes on pages 6 to 25 form an integral part of these interim financial statements.

Interim Statement of Changes in Equity

	Share capital € million	Share premium € million	Reserves and Retained earnings € million	Hybrid capital € million	Total € million
Balance at 1 January 2019, as restated (note 2.2)	656	8,056	(4,371)	42	4,383
Net loss (restated, note 2.2)	-	-	(48)	-	(48)
Other comprehensive income	-	-	213	-	213
Total comprehensive income for the six months ended 30 June 2019, as restated	-	-	165	-	165
Merger with Grivalia Properties REIC	197	-	890	-	1,087
Hybrid capital's dividend paid, net of tax	-	-	(1)	-	(1)
	197	-	889	-	1,086
Balance at 30 June 2019, as restated [1]	853	8,056	(3,317)	42	5,634
Balance at 1 January 2020	**853**	**8,056**	**(3,054)**	**2**	**5,857**
Net loss	-	-	(1,511)	-	**(1,511)**
Other comprehensive income	-	-	(182)	-	**(182)**
Total comprehensive income for the six months ended 30 June 2020	**-**	**-**	**(1,693)**	**-**	**(1,693)**
Hybrid capital's redemption and dividend paid, net of tax	-	-	-	(2)	**(2)**
	-	**-**	**-**	**(2)**	**(2)**
Balance at 30 June 2020	**853**	**8,056**	**(4,747)**	**-**	**4,162**
	Note 15	Note 15		Note 16	

[1] The comparative information has been restated due to change in accounting policy for investment property performed in 2019 (note 2.2).

Notes on pages 6 to 25 form an integral part of these interim financial statements.

Interim Cash Flow Statement

	Note	Six months ended 30 June 2020 € million	2019 Restated [1] € million
Cash flows from continuing operating activities			
Profit/(loss) before income tax from continuing operations		**(1,470)**	(109)
Adjustments for :			
Impairment losses relating to loans and advances to customers	8	**1,509**	205
Other impairment losses and provisions		**10**	-
Depreciation and amortisation		**0**	0
Other adjustments		**(3)**	-
		46	96
Changes in operating assets and liabilities			
Net (increase)/decrease in due from credit institutions		**2**	-
Net (increase)/decrease in loans and advances to customers		**(25)**	(24)
Net (increase)/decrease in other assets		**(7)**	-
Net increase/(decrease) in other liabilities		**2**	-
		(28)	(24)
Net cash from/(used in) continuing operating activities		**18**	72
Cash flows from continuing investing activities			
Acquisition of subsidiaries and participation in capital increases	13	**(1)**	-
Net cash from/(used in) continuing investing activities		**(1)**	-
Net increase/(decrease) in cash and cash equivalents from continuing operations		**17**	72
Net cash flows from discontinued operating activities		**(71)**	(1,052)
Net cash flows from discontinued investing activities		**(903)**	1,366
Net cash flows from discontinued financing activities		**(8)**	(8)
Net increase/(decrease) in cash and cash equivalents from discontinued operations		**(982)**	306
Cash and cash equivalents of hived down banking sector on 20 March 2020		**(1,788)**	-
Cash and cash equivalents at beginning of period		**2,773**	490
Cash and cash equivalents at end of period	17	**20**	868

[1] *The comparative information has been adjusted with: a) the restatement due to change in accounting policy for investment property performed in 2019 (note 2.2) and b) the presentation of the operations of the hived down banking sector as discontinued (note 10).*

Notes on pages 6 to 25 form an integral part of these interim financial statements.

1. General information

On 20 March 2020, the demerger of "Eurobank Ergasias S.A." (Eurobank Ergasias or Demerged Entity) through the banking sector's hive down and its transfer to a new credit institution that has been established under the corporate name "Eurobank S.A." (the Bank) was completed. Following the above, the corporate name of the Demerged Entity has been amended to "Eurobank Ergasias Services and Holdings S.A." (the Company or Eurobank Holdings) (note 4).

Eurobank Holdings is a holding company, parent of Eurobank S.A. and its subsidiaries (Eurobank S.A Group), and along with its other subsidiaries held directly, form Eurobank Holdings Group (the Group). The Company operates mainly in Greece and through Eurobank's subsidiaries in Central and Southeastern Europe. Its main activities relate to the strategic planning of the administration of non-performing loans and the provision of services to its subsidiaries and third parties, while the Eurobank S.A. Group is active in retail, corporate and private banking, asset management, treasury, capital markets and other services. The Company is incorporated in Greece and its shares are listed on the Athens Stock Exchange.

These interim financial statements were approved by the Board of Directors on 15 September 2020. The Independent Auditor's Report on Review of Condensed Interim Financial Information is included in the Section V of the Financial Report for the period ended 30 June 2020.

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 endorsed by the European Union (EU). The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements. Following the completion of the banking sector's hive down and the subsequent amendment of the corporate name of Eurobank Ergasias S.A. to Eurobank Ergasias Services and Holdings S.A. (notes 1 and 4), these interim condensed financial statements should be read in conjunction with the financial statements of Eurobank Ergasias S.A. for the year ended 31 December 2019. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period or to reflect changes in the accounting policies that were applied in the year ended 31 December 2019 (note 2.2 below). Unless indicated otherwise, 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 of Eurobank Ergasias S.A. for the year ended 31 December 2019, except as described below (note 2.1).

Going concern considerations

The Company's business strategy and activities are linked to those of its banking subsidiary Eurobank SA. In this context, the directors monitor closely the capital and liquidity position of the Bank as well as the associated risks, uncertainties and the mitigating factors affecting its operations. 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:

2020 had begun with positive medium-term prospects for the economy in Greece and the other countries where the Group has a substantial presence, however the coronavirus (Covid-19) outbreak posed substantial uncertainties and risks for both the macroeconomic environment and the ability of numerous businesses to operate under the restrictive measures, including lockdowns, adopted to contain the virus's expansion. The lockdown in Greece started in mid-March 2020 and was lifted through a gradual relief from 4 May 2020 onwards according to the Greek government's plan. Based on Hellenic Statistical Authority (ELSTAT) provisional data, the real GDP growth rate in the second quarter of 2020 decreased by 15.2% on an annual basis, as a result of a significant drop in total consumption expenditure, investments and exports, while the respective figure for the first quarter of 2020 was at -0.5%. The European Commission (EC), in its 2020 summer economic forecasts (July 2020), estimated a 9% drop of real GDP in Greece in 2020, followed by a 6% recovery in 2021. According to its spring economic forecasts (May 2020) the unemployment rate is projected to increase to 19.9% in 2020 and then to fall to 16.8% in 2021 from 17.3% in 2019, while the primary balance is expected to register a deficit of 3.4% of GDP in 2020 and a surplus of 0.6% of GDP in 2021, taking into account the public support measures as of early May 2020. The deviation from the Enhanced Surveillance (ES) primary surplus target of 3.5% of GDP for both 2020 and 2021 will not be considered a violation of Greece's commitments undertaken in the ES framework, as on 4 March 2020 Eurogroup decided that non-permanent deviations from the agreed fiscal paths of the member-states, due to unusual effects outside the control of their governments (i.e. the effects of the pandemic), are acceptable. The primary balance figures might change significantly as a result of the actual size of the public sector's support measures and the reduction in tax revenues due to the Government's relevant moratoria and the decline of economic activity. On 15 April 2020, amid the Covid-19 lockdown, the Greek

Public Debt Management Agency (PDMA) issued a seven-year bond of € 2 billion at a yield of 2.013% and on 9 June 2020, a 10-year bond of € 3 billion at a yield of 1.568%. On 2 September 2020, the PDMA raised € 2.5 billion via the re-opening of the aforementioned 10-year bond at a historic low yield of 1.187%.

In response to the Covid-19 outbreak, there has been a monetary, fiscal and regulatory support to the economy and the banking system by both Greek Government and European authorities. In particular, the Greek government as of mid-August 2020 planned measures aiming to address the economic effects of the Covid-19 pandemic which include, among others: (a) income subsidies for employees, the suspension of taxes and social security contributions for firms and free lancers during the lockdown period and the immediate period following it as well as the abolishment of the advance tax payment for 2021, (b) interest rates subsidies for firms that remained closed during the lock down period as well as mortgage loans subsidies to households, and (c) additional measures for the period June-October 2020 including employment subsidies, suspension of tax payments for businesses that remained closed by law during the said period and the reduction of VAT rates for certain goods and services. According to the January – July 2020 Budget execution data the actual cost of the measures implemented thus far was at € 5 billion. In addition, the liquidity support for the Greek economy via the various EC, European Stability Mechanism (ESM) and European Investment Bank (EIB) initiatives amounts to ca € 10.3 billion and includes, among others, loan guarantees (€ 7 billion) and SMEs loans (€ 1.3 billion). On top of the above, the European Council on 21 July 2020 agreed a recovery package amounted to € 750 billion under the EC's Next Generation EU framework in order to support the recovery and resilience of the member states' economies, out of which ca € 32 billion will be available for Greece, provisionally divided to € 19.4 billion in grants and € 12.7 billion in loans. The respective amount for the Multiannual Financial Framework 2021-2027 (MFF) is at € 1,100 billion, of which ca € 40 billion will be available for Greece. Furthermore the ECB, on 24 March 2020 established a temporary Pandemic Emergency Purchase Programme (PEPP) with an overall financial envelope of € 750 billion which has increased to € 1,350 billion, out of which ca € 28 billion will be available for the purchase of Greek public and private sector securities. The PEPP came on top of the ECB liquidity measures of 12 March 2020 (additional Long Term Financing operations, more favorable terms for the Targeted Long Term Operations, new Asset Purchase Programme of € 120 billion).

On 12 March 2020, the ECB announced a number of temporary capital and operational relief measures to ensure that its directly supervised banks can continue to fulfil their role in funding the real economy. Banks will be allowed to use capital and liquidity buffers and cover Pillar 2 requirements with other than CET 1 instruments. On the same date the EBA decided to postpone the EU-wide stress test exercise to 2021 to allow banks to focus on and ensure continuity of their core operations, including support for their customers. The ECB stated that it supports the above EBA decision and will extend the postponement to all banks (including Eurobank) subject to the 2020 stress test. In addition, the EBA stated that there is flexibility in the implementation of the EBA Guidelines on management of non-performing and forborne exposures and called for a close dialogue between supervisors and banks, also on their non-performing exposure strategies, on a case by case basis. Furthermore, on 24 June 2020 the Regulation 2020/873 (CRR quick fix) introduced targeted amendments to the Capital Requirements Regulation (CRR) to encourage banks to continue lending during the Covid-19 pandemic.

Regarding the outlook for the next 12 months, the major macroeconomic risks and uncertainties in Greece relate with the outbreak of Covid-19 pandemic and are as follows: (a) the evolution of the health crisis including the probability of a second, more severe, pandemic wave during 2020 or in early 2021, and its negative effect on the domestic, regional and / or global economy, despite the fact that a further country-wide lockdown is highly unlikely, b) the actual size of the fiscal measures aiming to address the effect of the pandemic on the real economy and their effect on the long-term sustainability of the country's public debt, (c) the pace of the economy's recovery in 2021 (d) the effective utilization of the NGEU and MFF funds and the attraction of new investments in the country, (e) the implementation of the reforms and privatizations' agenda in order to meet the ES targets and milestones, and (f) the geopolitical conditions in the near or in broader region.

Materialization of the above Covid-19 related and other risks would have potentially adverse effects on the fiscal planning of the Greek sovereign and on the liquidity, solvency and profitability of the Greek banking sector, as well as on the realization of their Non Performing Exposures (NPE's) reduction plans. The Group is continuously monitoring the developments on the Covid-19 front and has increased its level of readiness, so as to accommodate decisions, initiatives and policies to protect its capital and liquidity standing as well as the fulfilment, to the maximum possible degree, of its strategic and business goals for the quarters ahead, focusing primarily on the support of its clients to overcome the challenging juncture, the protection of its asset base and the resilience of its pre-provision profitability. In addition, the Group, under the extraordinary circumstances of the Covid-19 pandemic, has proceeded with the successful implementation of its Business Continuity Plan to ensure that business is continued and critical operations are unimpededly performed. In line with authorities' instructions and recommendations, the Group has taken all the required measures to ensure the health and safety of its employees and customers (e.g. implementation of teleworking, restrictions to business trips, and medical supplies for protective equipment).

Within this challenging external environment, the Group proceeded with the closing of the "Cairo" (sale of 20% of mezzanine/ 50.1% of junior Cairo securitizations' notes) and "Europe" (sale of 80% of Eurobank FPS) transactions in early June 2020, which signals the completion of its accelerated NPE reduction plan announced in the fourth quarter of 2018. As a result, following the classification of the underlying securitised loan portfolio of € 7.3 billion (consisting primarily of NPEs) as held for sale in the consolidated financial statements of Eurobank Holdings, as at 30 June 2020, the Group NPEs were reduced to € 6.2 billion (31 December 2019: € 13 billion) driving the NPE ratio to 15.3% pro-forma with the recognition of Cairo senior notes (31 December 2019: 29%) and the NPE coverage ratio to 60.6% (31 December 2019: 54.5%).

As at 30 June 2020 the Group's total CAD and Common Equity Tier 1 (CET1) ratios, taking into account the effect of the loss of € 1,509 million on Cairo transaction and the gain (after tax) of € 173 million on FPS disposal, stood at 15.8% (31 December 2019: 19.2%) and 13.3% (31 December 2019: 16.7%) respectively. Pro-forma with the derecognition of Cairo loans, the Group's total CAD and CET1 ratios would be 15.5% and 13% respectively. The adjusted net profit for the first half of 2020 amounted to € 176 million (first half 2019: € 97 million profit). Group's net loss for the period, including the loss of the Cairo transaction recorded in the Company's Income Statement, the gain of FPS disposal mentioned above and the restructuring costs after tax, amounted to € 1,166 million. Net loss for the Company equals to €1,511 million. During the same period, the Group has increased its deposits by € 0.4 billion to € 45.2 billion (2019: € 44.8 billion) and the funding from the targeted long term refinancing operations of the European Central Bank – TLTRO III programme to € 8 billion (2019: € 1.9 billion). In the context of the internal liquidity stress test framework, which is part of the 2020 ILAAP (Internal Liquidity Adequacy Assessment Process), the results of the short and medium term liquidity stress tests indicate that the Eurobank S.A. has adequate liquidity buffer to withstand to all of the stress test scenario effects.

Going concern assessment

The Board of Directors, acknowledging the risks of the Covid-19 outbreak to the economy and the banking system and taking into account the above factors relating to (a) the measures adopted by the Greek and European authorities to mitigate the negative economic impact, (b) the Group's pre-provision income generating capacity and the adequacy of its capital and liquidity position and (c) the completion of the Group's NPE reduction acceleration plan, has been satisfied that the financial statements of the Company can be prepared on a going concern basis.

2.1 New and amended standards and interpretations adopted by the Company

The following amendments to standards and Conceptual Framework as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU), apply from 1 January 2020:

Amendments to the Conceptual Framework for Financial Reporting, including amendments to references to the Conceptual Framework in IFRS Standards

In March 2018, the IASB issued its revised "Conceptual Framework for Financial Reporting" (Conceptual Framework). The revised Conceptual Framework is not a standard nor overrides any requirements of individual standards. This replaces the previous version of the Conceptual Framework issued in 2010. Revisions performed by IASB introduced guidance on measurement, presentation and disclosure as well as on derecognition concepts. In addition, the revision includes updated definitions of an asset/liability and of recognition criteria, as well as clarifications on important areas.

Alongside the revised Conceptual Framework, the IASB has published an accompanying document "Amendments to References to the Conceptual Framework in IFRS Standards" which contains consequential amendments to affected standards so that they refer to the revised Framework.

The adoption of the amended Framework had no impact on the interim financial statements.

Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7

In September 2019, the IASB issued amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' to address the implications for certain hedge accounting requirements related to the uncertainties arising from the market-wide reform of several interest rate benchmarks (referred to as 'IBOR reform'). As a result of the IBOR reform, there may be uncertainties about: a) the interest rate benchmark designated as a hedged risk and/or b) the timing or amount of the benchmark-based cash flows of the hedged item or the hedging instrument, during the period before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an 'RFR'). The amendments modify certain hedge accounting requirements under IAS 39 or IFRS 9 in order to provide temporary reliefs from the potential effect of the uncertainty, during the transition period. These reliefs are related mainly to the highly probable requirement for the cash flow hedges, the compliance with the identifiable nature of the hedged risk component and the application of prospective and retrospective effectiveness tests.

The IASB addresses the IBOR reform and its potential effects on financial reporting in two phases. The first phase focuses on hedge accounting issues affecting financial reporting in the period before the interest rate benchmark reform, while the second phase focuses on potential issues that might affect financial reporting once the existing rates are replaced with alternative rates.

The Company has adopted Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) from 1 January 2020, while amendments have been applied retrospectively to hedging relationships that existed on that date or were designated thereafter and that are directly affected by the IBOR reform.

As described in note 2.2.3 of the financial statements for the year ended 31 December 2019, Eurobank Ergasias elected, as a policy choice permitted under IFRS 9, to continue to apply hedge accounting in accordance with IAS 39. Therefore, the amendments to IAS 39 and IFRS 7 are applicable to the Company.

Due to the adoption of the reliefs as of 1 January 2020, the Company's hedging relationships affected by the IBOR reform continued to be accounted for as continuing hedges.

Amendments to IFRS 3 Business Combinations

The IASB issued amendments to the definition of a business in IFRS 3 "Business Combinations" to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing inputs or processes and add guidance to help entities assess whether an acquired process is substantive. In addition, with the introduction of the amendments the definitions of a business and of outputs are narrowed, while an optional fair value concentration test is introduced.

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

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" aim to align the definition of 'material' across the standards and to clarify certain aspects of the definition. According to the new definition, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality depends on the nature or magnitude of information, or both, while an entity should assess whether information is material on its own or when combined with other information.

The definition of material in the Conceptual Framework was also amended in order to align with the revised definition in IAS 1 and IAS 8.

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

2.2 IAS 40 'Investment property' – Restatement due to change in accounting policy to fair value model performed in 2019

In the fourth quarter of 2019, Eurobank Ergasias S.A. has elected to change its accounting policy regarding the measurement of Investment Property from cost model to fair value model according to IAS 40 "Investment property" (as described in note 2.3.2 of the financial statements of Eurobank Ergasias S.A. for the year ended 31 December 2019). Following the aforementioned change, the investment property is carried at fair value, as determined by external, independent, certified valuators on an annual basis.

In accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors", the above change in the accounting policy on Investment Property was applied retrospectively.

As a result the comparative information referring to the first half of 2019 has been restated due to the reversal of the depreciation of investment property previously recognized under the cost model in the above mentioned period. In particular, the results of the hived down banking sector of Eurobank Ergasias S.A. for the comparative period, which are presented as discontinued operations (note 10), have been restated by 1 million net profit, increasing respectively the total equity as of the same date.

The table below presents the results of the hived down banking sector of Eurobank Ergasias S.A. for the comparative period before and after the aforementioned restatement for each individual line item of the income statement affected, whereas line items which were not affected by the changes have not been included.

	Six months ended 30 June 2019		
Income Statement	**Hive down banking sector before the restatement € million**	**Restatement € million**	**Hive down banking sector as restated € million**
Operating expenses	(320)	2	**(318)**
Profit before impairments, provisions and restructuring costs from discontinued operations	202	2	**204**
Profit before tax from discontinued operations	39	2	**41**
Income tax	(10)	(1)	**(11)**
Net profit from discontinued operations	29	1	**30**

3. Significant accounting estimates and judgments in applying accounting policies

Following the completion of the banking sector's hive down and the subsequent amendment of the corporate name of Eurobank Ergasias S.A. to Eurobank Ergasias Services and Holdings S.A. (notes 1 and 4), in preparing these interim financial statements, the significant estimates, judgments and assumptions made by Management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those applied in the financial statements of Eurobank Ergasias S.A. for the year ended 31 December 2019, except for those that relate to the impact of the Covid-19 pandemic to the estimation of the expected credit losses (ECL) on loans and advances to customers as analyzed below.

Impairment losses on loans and advances to customers

The ECL measurement requires Management to apply significant judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining the impairment losses and the assessment of a significant increase in credit risk. The ECL calculations are outputs of various synthetic models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. In addition, temporary adjustments may be required to capture new developments and information available, which are not reflected yet in the ECL calculation through the risks models.

Although, the ECL calculation methodology regarding the application of macroeconomic scenarios and the incorporation of forward looking information remained unchanged compared to 31 December 2019, the Company revised the forward-looking information incorporated in the above scenarios, in order to capture the negative impact of the Covid-19 pandemic, based on its best estimate regarding such economic forecasts in the first quarter of 2020. In addition, Management applied the appropriate level of judgement regarding its expectations for the severity and the duration of the economy's negative outlook, in line with the International Accounting Standards Board (IASB), European Central Bank (ECB) and other banking regulators' statements, which emphasize the need for overlays where the ECL risk models do not capture the specific circumstances. In March 2020, upon the completion of the hive down process, the impairment allowance, corresponding to the loans and advances to customers of the banking sector, were transferred, inter alia, to Eurobank S.A. (note 4).

Furthermore, with regards to the remaining loan portfolio of the Company which comprises the Cairo securitized loans, the completion of the transaction with doValue for the sale of 20% of the mezzanine and 50.1% of the junior notes of Cairo securitization in June 2020, resulted in the re-measurement of the loan portfolio's expected credit losses, and eventually its de-recognition from the Company's balance sheet (notes 4 and 11).

4. Corporate Transformation-Hive down

In November 2018, Eurobank Ergasias announced its transformation plan aiming to enable the former to deal with the challenging non-performing loans (NPEs) reduction targets, achieve a significant balance sheet de-risking and focus on the core banking business. The aforementioned transformation plan included the merger with Grivalia, which was completed in April 2019, and the NPEs reduction Acceleration Plan comprising the steps described below:

a) In June 2019, Eurobank Ergasias, through the special purpose financing vehicle (SPV) 'Pillar Finance Designated Activity Company' issued senior, mezzanine and junior notes of total value of ca. € 2 billion, via a securitization of NPEs, which were fully retained by the entity. In September 2019, Eurobank Ergasias sold the 95% of the above-mentioned mezzanine and junior notes to Celidoria S.A R.L. Upon the completion of the above sale, Eurobank Ergasias ceased to control the SPV and de-recognized the underlying loan portfolio in its entirety, on the basis that it transferred substantially all the risk and rewards of the underlying loan portfolio's ownership. In addition, Eurobank Ergasias recognized the retained notes, i.e. 100% of the senior, 5% of the mezzanine and junior notes, on its balance sheet (notes 11 and 14).

b) In June 2019, Eurobank Ergasias, through its special purpose financing vehicles (SPVs) 'Cairo No. 1 Finance Designated Activity Company', 'Cairo No. 2 Finance Designated Activity Company' and 'Cairo No. 3 Finance Designated Activity Company', issued senior (Class A), mezzanine (Class B1 and B2) and junior (Class C1 and C2) notes of total value of ca. € 7.5 billion, via a securitization of a mixed portfolio consisting primarily of NPEs, which were fully retained by the entity. The control of the SPVs resides with the majority holder of Class B1. Accordingly, Eurobank Ergasias being the sole holder of the issued notes, controlled the SPVs and continued recognizing the underlying loan portfolio on its balance sheet on the basis that it retained substantially all risks and rewards of ownership (note 14).

c) On 20 March 2020, the demerger of Eurobank Ergasias through the hive down of the banking sector and the establishment of a new company-credit institution under the corporate name "Eurobank S.A." was completed (as detailed in Hive Down section below). At the aforementioned date, Eurobank S.A. assumed, inter alia, 100% of the senior, 5% of the mezzanine and junior notes of the Cairo securitization. The rest of the Cairo notes, i.e. 95% of the mezzanine and junior notes, remained with Eurobank Holdings.

On 23 March 2020, the distinctive title of Eurobank Ergasias was amended to Eurobank Holdings.

Accordingly, following the hive down, the ownership distribution of Cairo notes is depicted below:

Cairo noteholders post hive down

Cairo notes	(A) - Eurobank S.A.	(B) - Eurobank Holdings	(C) = (A) + (B) - Eurobank Holdings Group/ Total Issue
A Senior	**100%**	**0%**	**100%**
B1 Mezzanine	5%	20%	25%
B2 Mezzanine	-	75%	75%
B Total	**5%**	**95%**	**100%**
C1 Junior	5%	50.1%	55.1%
C2 Junior	-	44.9%	44.9%
C Total	**5%**	**95%**	**100%**

d) In December 2019, Eurobank Ergasias announced that it has entered into binding agreements with doValue S.p.A. for the sale of the 20% of the mezzanine (representing the 80% of Class B1) and 50.1% of the junior notes of the aforementioned Cairo securitization in exchange for a cash consideration of € ca. 14 million. In June 2020 the sale was completed.

Upon the sale of 20% of the mezzanine notes, which effectively represents the majority stake of Class B1, Eurobank Holdings ceased to control the SPVs and the related Cairo real estate companies, i.e. Cairo Estate I Single Member S.A, Cairo Estate II Single Member S.A, Cairo Estate III Single Member S.A. Furthermore, being the holder of 75% of the mezzanine and 44.9% of the junior notes, Eurobank Holdings, ceased to have control over the securitized loans, which resides with the SPV being the only party that has the practical ability to sell the loans under the instructions of the majority stake of B1 noteholders. Accordingly, Eurobank Holdings derecognized the investments in the above-mentioned subsidiaries as well as the securitized loan portfolio at its carrying amount.

The completion of the aforementioned sale transaction triggered the re-measurement of the portfolio's expected credit losses in accordance with the entity's accounting policy for the impairment of financial assets. Therefore, a loss of € 1,506 million was recognized in the second quarter of 2020 that was based on the fair valuation of the notes retained (notes 11 and 14).

The table below presents the ownership distribution of Cairo notes following the steps described in points (b) to (d) above.

Cairo noteholders after the completion of the sale transaction

Cairo notes	(A) - Eurobank S.A.[(1)]	(B) - Eurobank Holdings	(C) = (A) + (B) - Eurobank Holdings Group	(D) - Third Parties[(2)]	(E) = (C) + (D) - Total issue
A Senior	**100%**	**0%**	**100%**	**-**	***100%***
B1 Mezzanine	5%	-	5%	20%	*25%*
B2 Mezzanine	-	75%	75%	-	*75%*
B Total	**5%**	**75%**	**80%**	**20%**	***100%***
C1 Junior	5%	-	5%	50.1%	*55.1%*
C2 Junior	-	44.9%	44.9%	-	*44.9%*
C Total	**5%**	**44.9%**	**49.9%**	**50.1%**	***100%***

(1) Transferred from Eurobank Ergasias upon hive down.
(2) Sold to doValue S.p.A

e) On 15 June 2020, Eurobank Holdings, following a decision by the Board of Directors, proceeded to the contribution of the retained Cairo notes, i.e. 75% of the mezzanine and 44.9% of the junior notes along with an amount of € 1.5 million in cash to its Cyprus-based subsidiary Mairanus Ltd, which shall be renamed to 'Cairo Mezz Plc', in exchange for the newly-issued shares of the above mentioned subsidiary. Based on the valuation, according to the provisions of Article 17 of L. 4548/2018, the fair value of the shares received by Eurobank Holdings amounted to € 57.5 million consisting of the fair value of the contributed Cairo notes of € 56 million and the cash amount of € 1.5 million (notes 13 and 14). The above BoD decision for the contribution of notes retained by Eurobank Holdings initiates the distribution process and clearly demonstrates Management's commitment to a specific plan for the notes' disposal as the last step to the Group's Corporate Transformation Plan.

Accordingly, as at 30 June 2020, the investment in Mairanus Ltd has been classified as held for distribution to owners according to the provisions of IFRS 5 'Non-current assets held for sale and discontinued operations'.

f) On 7 July 2020, the BoD of Eurobank Holdings proposed to the General Shareholders' Meeting the distribution of Mairanus Ltd shares to Eurobank Holding's shareholders through the decrease in kind of its share capital. Subject to prior receipt of the relevant approvals, Mairanus Ltd shares are expected to be listed to the Alternative Market (ENA) of the Athens Stock Exchange. On 28 July 2020, the General Shareholders' Meeting approved the decrease in kind of Eurobank Holdings' share capital via the decrease of the nominal value of each ordinary share. The impact from the distribution of Mairanus Ltd shares to Eurobank Holding's shareholders, i.e. the reduction by an equal amount of € 57.5 million of Eurobank Holding's share capital along with the related costs directly attributable to the equity transaction of ca. € 1 million, will be recorded upon its consummation in the third quarter of 2020 (note 15).

The below table presents, the ownership distribution of the Cairo notes following the completion of all steps involved, as described in points (b) to (f) above, as well as the respective valuation prices of each class of notes:

Cairo noteholders after the completion of the distribution (expected in September 2020)

Cairo notes	(A) - Eurobank S.A.[(1)]	(B) - Eurobank Holdings	(C) = (A) + (B) - Eurobank Holdings Group	(D) - Mairanus Limited[(2)]	(E) - Third parties[(3)]	(F) = (C) + (D) + (E) - Total issue	*Valuation price*
A Senior	**100%**	**0%**	**100%**	**0%**	**-**	**100%**	***100%***
B1 Mezzanine	5%	-	5%	-	20%	25%	
B2 Mezzanine	-	0%	0%	75%	-	75%	
B Total	**5%**	**0%**	**5%**	**75%**	**20%**	**100%**	***5%***
C1 Junior	5%	-	5%	-	50.1%	55.1%	
C2 Junior	-	0%	0%	44.9%	-	44.9%	
C Total	**5%**	**0%**	**5%**	**44.9%**	**50.1%**	**100%**	***0%***

(1) Transferred from Eurobank Ergasias upon hive down.
(2) Contributed by Eurobank Holdings and subsequently will be distributed to its shareholders.
(3) Sold to doValue S.p.A.

Following the completion of all steps involved as described in points (b) to (f) above, the total expected equity impact for Eurobank Holdings, is presented in the below table:

	NAV impact
Impairment loss upon securitized loans' de-recognition (note 11)	(1,506)
Distribution of Mairanus shares	(58)
	(1,564)

Hive down

On 28 June 2019, the BoD of Eurobank Ergasias ("Demerged Entity") decided the initiation of the hive down process of the banking sector of the Demerged Entity and its transfer to a new company-credit institution that would be established ("the Beneficiary").

On 31 July 2019, the BoD of Eurobank Ergasias 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 would involve the hive-down of the banking sector of Eurobank Ergasias, to which the assets and the liabilities are included, as described on the transformation balance sheet of the hived-down sector as at 30 June 2019 ("Transformation Date"). In accordance with the Draft Demerger Deed, Eurobank Ergasias retained the 95% of the Pillar mezzanine and junior notes, which in September 2019 were sold to a third party investor, as well as the participation in the Pillar DAC and the related Pillar real estate entity.

On 31 January 2020, the Demerged Entity's Extraordinary General Shareholders' Meeting (EGM) resolved, among others: a) the approval of the aforementioned demerger of Eurobank Ergasias through the banking sector's hive down and the establishment of a new company-credit institution under the corporate name "Eurobank S.A.", b) the approval of the Draft Demerger Deed as well as the Articles of Association of the Beneficiary, as they were approved by the Demerged Entity's BoD and c) the adjustment of the Articles of Association of the Demerged Entity which would cease to be a credit institution by amending its object and corporate name, as was also approved by its BoD.

On 20 March 2020, the demerger of Eurobank Ergasias through the banking sector's hive down and the establishment of a new company-credit institution ("Demerger") under the corporate name "Eurobank S.A" as well as the Articles of Association of the Beneficiary were approved by virtue of the decision of the Ministry of Development and Investments No 31847/20.03.2020, which was registered on the same day in the General Commercial Registry. At the aforementioned date: a) the Demerged Entity becomes 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 as at 30 June 2019 and formed up to 20 March 2020, day of the Demerger's completion. In respect of pending lawsuits where the Demerged entity was an involved party and are related to the hived down banking sector, they will continue ipso jure by the Bank or against it.

On 23 March 2020, the Articles of Association of the Demerged Entity were amended with the decision of the Ministry of Development and Investments Number 32403/23.03.2020, which was registered on the same day in the General Commercial Registry. According to article 1 of the Articles of Association, the corporate name and the distinctive title of the Demerged Entity is amended to "Eurobank Ergasias Services and Holdings S.A." and "Eurobank Holdings" respectively. The date of change of the Company's corporate name and distinctive title in the Athens Exchange was set for 24 March 2020.

The hive down of the banking sector (including subsidiaries/associates) constitutes a common control transaction, which involves a new entity to effect the combination of entities under common control. As a common control transaction, the hive down does not fall within the scope of the IFRS 3 'Business Combinations'; furthermore it is a common control transaction that involves the set-up of a new company which is neither the acquirer, nor a business and therefore it is not a business combination as defined by IFRS 3. Since IFRS 3 guidance does not apply and the hive down does not meet the definition of a business combination under common control, it is accounted for as a capital re-organisation of the transferred business on the basis that no substantive economic change has occurred. In line with the Group's accounting policy for business combinations that involve the formation of a new entity, in case of a capital reorganization, the acquiring entity incorporates the assets and liabilities of the acquired entity at their carrying amounts, as presented in the books of that acquired entity, rather than those from the highest level of common control. Any difference between the cost of the transaction and the carrying amount of the net assets acquired is recognized in the equity of the new entity. In addition, the capital reorganization transactions do not have any impact on the Group's consolidated financial statements.

Accordingly, in the separate financial statements of Eurobank Holdings, the assets and liabilities of the business transferred (including investments in subsidiaries and associates) to Eurobank (Beneficiary) were derecognized and the investment in the Beneficiary was recognized at cost, which is the carrying value of the net assets given up. The Beneficiary respectively incorporated the assets and liabilities of the existing business at their pre-combination carrying amounts with a corresponding increase in share capital. Pre-existing valuation reserves under IFRS that were transferred to the Beneficiary were separately recognized in the Beneficiary's total equity.

In accordance with the Demerger Deed, Eurobank Holdings maintained 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, Eurobank Holdings retained the 95% of Cairo mezzanine and junior notes, the preferred securities and the participations in certain subsidiaries including Be Business Exchanges S.A., Cairo DACs, Pillar and Cairo real estate entities. In case of any assets or liabilities that would not be possible to be transferred, in the context of the above mentioned Draft Demerger Deed, the Demerged Entity undertakes the obligation to collect or liquidate the assets in accordance with the Beneficiary's instructions whereas the Beneficiary undertakes the obligation to indemnify the Demerged Entity for the settlement of the liabilities including any arising costs or losses. Accordingly, the Beneficiary, receives the remaining assets (including 100% of Cairo senior and 5% of mezzanine and junior notes that were recognized at fair value) and liabilities that constitute the banking sector, by issuing shares to the Demerged entity.

In addition, considering that the obligations of the Demerged Entity arising from the Tier 2 Subordinated Capital Instruments were not transferred to the Beneficiary, the latter pursuant to the terms of the Draft Demerger Deed has explicitly and irrevocably undertaken to fulfil the relevant obligations. In that context, on 20 March 2020, the Beneficiary issued a subordinated instrument of equivalent terms with those of TIER 2 mentioned above which was fully subscribed by the Demerged Entity.

The table below presents at the hive down date, i.e. 20 March 2020, Eurobank Ergasias balance sheet before the hive down, and the adjustments made to derive both balance sheets of Eurobank and Eurobank Holdings after hive down.

	20 March 2020				
	(A) - Eurobank Ergasias S.A. € million	(B) - Intercompany (IC) net assets contributed to Eurobank S.A € million	(C) - Total net assets contributed to Eurobank S.A. € million	(D) - IC net assets of Eurobank Holdings & investment in Eurobank S.A. € million	(E) = (A) + (B) - (C) + (D) Eurobank Holdings S.A. € million
ASSETS					
Cash and balances with central banks	1,916		1,916		-
Due from credit institutions	3,887		3,817	103 [1]	173
Securities held for trading	28		28		-
Derivative financial instruments	2,381		2,381		-
Loans and advances to customers	30,023	2,425 [2]	28,592		3,856
Investment securities	6,995		6,995	950 [3]	950
Shares in subsidiaries	1,855		1,854	4,090 [4]	4,091
Investments in associates and joint ventures	101		101		-
Property and equipment	567		567		0
Investment property	873		873		-
Goodwill and other intangible assets	316		316		0
Deferred tax assets	4,832		4,832		-
Other assets	1,778	4	1,779		3
Assets of disposal groups classified as held for sale	41		41		-
Total assets	55,593	2,429	54,092	5,143	9,073
LIABILITIES					
Due to central banks	2,700		2,700		-
Due to credit institutions	7,677		7,677		-
Derivative financial instruments	2,904		2,904		-
Due to customers	33,169	103 [1]	33,272		-
Debt securities in issue	2,412	950 [3]	2,402	2,425 [2]	3,385
Other liabilities	1,064		1,047	4	21
Total liabilities	49,926	1,053	50,002	2,429	3,406
Total equity	5,667	1,376	4,090 [4]	2,714	5,667

Notes

1. € 103 million refer to deposits of Eurobank Holdings with Eurobank S.A.
2. € 2,425 million refer to the notes of Cairo securitizations retained by Eurobank S.A. (i.e. 100% senior notes, 5% of mezzanine and junior notes).
3. € 950 million refer to Tier 2 notes issued by Eurobank S.A. and retained by Eurobank Holdings
4. € 4,090 million refer to the investment in Eurobank S.A. held by Eurobank Holdings corresponding to the net assets contributed to the former by Eurobank Ergasias S.A.; Eurobank S.A. total equity of € 4,090 million as at 20 March 2020 comprises (a) share capital of € 4,051.6 million as it has been determined based on the assets and liabilities included in the transformation balance sheet of the hived-down banking sector of Eurobank Ergasias S.A. as at 30 June 2019, (b) pre-existing valuation reserves of € 238.7 million and (c) retained losses of € 200.4 million.

5. Net interest income

	30 June 2020 € million	30 June 2019 € million
Interest income		
Customers	**76**	100
Securities	**15**	-
	91	100
Interest expense		
Debt securities in issue	**(28)**	-
	(28)	-
Total from continuing operations	**63**	100

In the period ended 30 June 2020, an amount of € 15 million is included in interest expense (continuing operations) relating to the TIER 2 capital instruments issued by the Company (note 14), while an equal amount is included in interest income for the subordinated TIER 2 note issued by Eurobank SA and held by the Company (the terms of which are equivalent with those of the abovementioned capital instruments - note 12). In addition, interest expense includes € 12.4 million for the financial liability relating to the Senior notes of the Cairo securitization contributed to Eurobank SA as of the hive down date i.e. 20 March 2020 (note 4).

In the period ended 30 June 2020, interest income from customers refers to the underlying loan portfolio of the Cairo securitization until its derecognition in June 2020, while for the comparative period it refers to the underlying loan portfolios of Cairo and Pillar securitizations. As no internal allocations have been made between continuing and discontinued operations, the funding expense of the Company's aforementioned continuing activities until the hive down date was included in the net interest income of the discontinued activities i.e. those of the hived down banking sector (note 4).

6. Commission income/(expense)

In the period ended 30 June 2020, the commission expense refers to the admistrative fees to doValue Greece Loans and Credits Claim Management S.A. for the management of the Cairo loan portfolio.

7. Operating expenses

Operating expenses mainly refer to staff and other administrative expenses.

8. 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 2020			
	12-month ECL-Stage 1 € million	Lifetime ECL-Stage 2 € million	Lifetime ECL credit-impaired € million	Total € million
Impairment allowance as at 1 January 2020	105	379	5,982	6,466
Discontinued operations (Hived down banking sector)	(104)	(319)	(2,560)	(2,983)
Transfers between stages	2	(7)	5	-
Impairment loss for the period	29	97	1,380	1,506
Loans and advances derecognised during the period (note 11)	(32)	(150)	(4,735)	(4,917)
Amounts written off	-	-	(3)	(3)
Unwinding of Discount	-	-	(52)	(52)
Foreign exchange and other movements	-	-	(17)	(17)
Impairment allowance as at 30 June 2020	-	-	-	-

	30 June 2019			
	12-month ECL-Stage 1 € million	Lifetime ECL-Stage 2 € million	Lifetime ECL credit-impaired € 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 derecognised/ 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

(1) It represents the impairment allowance of loans derecognized during the period due to a) sale transactions and b) substantial modifications of the loans' contractual terms and those that have been reclassified as held for sale during the period.

The impairment losses relating to loans and advances to customers recognized in the Company's income statement for the period ended 30 June 2020 amounted to € 1,509 million (30 June 2019: € 296 million of which € 205 million relate to the continuing operations) and are analyzed as follows:

	30 June 2020 € million	30 June 2019 € million
Impairment loss on loans and advances to customers	**(1,506)**	(196)
Modification loss on loans and advances to customers	**(3)**	(9)
Total from continuing operations	**(1,509)**	(205)

9. Income tax

As of the year 2019 onwards, according to Law 4646/2019 which was enacted in December 2019 and amended Law 4172/2013, the Greek corporate tax rate for legal entities other than credit institutions (i.e. credit institutions that fall under the requirements of article 27A of Law 4172/2013 regarding eligible DTAs/deferred tax credits) decreased from 29% to 24%. In addition, according to the aforementioned Law 4646/2019, as of 1 January 2020 the withholding tax rate for dividends distributed, other than intragroup dividends, decreased from 10% to 5%. In particular, the intragroup dividends under certain preconditions are relieved from both income and withholding tax.

Based on the management's assessment the Company is not expected to have sufficient future taxable profits, against which the unused tax losses mainly resulting from the Cairo transaction (note 11) can be utilised. Accordingly, in the period ended 30 June 2020, an income tax has not been recognized for the Company's continuing operations. For the comparative period, an amount of € 31 million deferred income tax attributable to the Company's continuing operations has been recognized mainly referring to impairment losses relating to loans and advances to customers.

Deferred tax

The movement on deferred tax is as follows:

	30 June 2020 € million
Balance at 1 January	**4,754**
Income statement credit/(charge) from discontinued operations	**1**
Investment securities at FVOCI	**80**
Cash flow hedges	**(3)**
Hived down banking sector	**(4,832)**
Balance at 30 June	**-**

Analysis of temporary differences on which deferred tax assets/liabilities had been recognized is provided in the income tax note of the financial statements of Eurobank Ergasias S.A. for the year ended 31 December 2019.

Tax certificate and open tax years

The Company, in accordance with the general principles of the Greek tax legislation has 6 open tax years (i.e. five years as from the end of the fiscal year within which the relevant tax return should have been submitted). For the open tax years 2014-2015 the Company 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 onwards, the 'Annual Tax Certificate' is optional, however, the Company will continue to obtain such certificate.

The tax certificates, which have been obtained by the Company are unqualified for the open tax years 2014-2018. For the year ended 31 December 2019, the tax audit from external auditor is 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/aforementioned 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 2013 (included) has been time-barred for the Company as at 31 December 2019.

In reference to its total uncertain tax positions, the Company assesses all relevant developments (e.g. legislative changes, case law, ad hoc tax/legal opinions, administrative practices) and raises adequate provisions.

10. Discontinued operations and disposal groups classified as held for sale/distribution

(a) Discontinued operations

Following the demerger of Eurobank Ergasias S.A. through the banking sector's hive down, which was completed on 20 March 2020 (note 4), the results of the banking sector for the current period (i.e. from 1 January to 20 March 2020), which comprised the major part of the demerged company's operations, are presented as discontinued operations. The comparative information for the six month period ended 30 June 2019 are presented based on the results of the net assets transferred, without any notional internal allocations between the continued and discontinued operations.

The results of the discontinued operations are presented in the below table:

	20 March 2020 Hived down banking sector € million	30 June 2019 Hived down banking sector € million
Net interest income	182	399
Net banking fee and commission income	31	72
Income from non banking sercives	14	15
Dividend income	0	4
Net trading income/(loss)	(2)	(7)
Gains less losses from investment securities	2	40
Other income/(expenses)	(2)	(1)
Operating income	**225**	**522**
Operating expenses	(144)	(318)
Profit before impairments, provisions and restructuring costs from discontinued operations	**81**	**204**
Impairment losses relating to loans and advances to customers [(1)]	(109)	(91)
Other impairment losses and provisions	(10)	(11)
Restructuring costs	(4)	(61)
Profit/(Loss) before tax from discontinued operations	**(42)**	**41**
Income tax	1	(11)
Net profit/(loss) from discontinued operations	**(41)**	**30**

[(1)] For the period 1 January to 20 March 2020, it includes impairment loss on loans and advances to customers of € 87 million and modification loss of € 22 million (for the six month period ended 30 June 2019: € 63 million, € 26 million respectively, while € 2 million related to impairment loss for credit related commitments)

Information on the Assets and liabilities transferred in the context of the Hive-down of the banking sector of Eurobank Ergasias is provided in note 4.

(b) Assets held for distribution

On 15 June 2020, Eurobank Holdings, following the relevant decision by the Board of Directors, proceeded to the contribution of the retained Cairo notes, along with an amount of € 1.5 million in cash to its Cyprus-based subsidiary company Mairanus Ltd. The above BoD decision, initiated the distribution process as the last step to the Group's Corporate Transformation Plan (note 4). Accordingly, as at 30 June 2020 the carrying amount of the Company's participation in Mairanus Ltd amounting to € 57.5 million has been classified as held for distribution.

11. Loans and advances to customers

Cairo securitization – loans' derecognition

In December 2019, Eurobank Ergasias announced that it has entered into a binding agreement with doValue S.p.A. for the sale of 20% of the mezzanine and 50.1% of the junior notes of a securitization of a mixed portfolio consisting primarily of non-performing loans (NPEs) of ca. € 7.5 billion gross book value. In June 2020, the above sale was completed for a cash consideration of ca. € 14 million.

Upon completion of the sale of 20% of the mezzanine notes that effectively represents the majority stake of Class B1, i.e. 80% of Class B1, Eurobank Holdings (ex-Eurobank Ergasias post hive down) ceased to control the SPVs on the basis that it does not have the power to direct their relevant activities that resides with the majority stake of Class B1 noteholders. At the same time, the above sale triggered the de-recognition assessment of the underlying loan portfolio where it was concluded that Eurobank Holdings ceased to have control over the securitized loans, which resides with the SPV being the only party that has the practical ability to sell the loans under the instructions of the majority stake of B1 noteholders.

Accordingly, in June 2020, Eurobank Holdings proceeded with the re-measurement of the portfolio's expected credit losses in accordance with its accounting policy for the impairment of financial assets and recognized an impairment loss of € 1,506 million net of expenses (note 8) in the second quarter of 2020 based on the fair value of the notes retained by Eurobank Holdings, the carrying amount of the notes de-recognized from its financial liabilities and the consideration received for the mezzanine notes' disposal to doValue S.p.A. Furthermore, in June 2020, Eurobank Holdings, (i) derecognized the underlying loan portfolio in its entirety of carrying amount € 2,341 million, comprising loans with gross carrying amount of € 7,259 million which carried an impairment allowance of € 4,918 million after the recognition of the Cairo loss , along with the impairment allowance of the letter of guarantees included in the underlying portfolio of € 12 million as well as the related net securitization receivables of € 163 million, (ii) derecognized from its financial liabilities the obligations for the Cairo notes transferred to Eurobank through the hive down process, i.e. 100% of senior, 5% of mezzanine and 5% of junior notes, of carrying amount € 2,422 million, including the senior notes' accrued income (iii) recognized the fair value of the retained mezzanine and junior notes within its financial assets, i.e. 75% of mezzanine and 44.9% of junior notes of € 56 million as well as the cash consideration received from doValue S.p.A. of € 14 million.

Finally, in June 2020, following the respective decision by its Board of Directors to contribute the aforementioned Cairo notes to its Cyprus-based subsidiary company Mairanus Ltd, Eurobank Holdings derecognized the retained notes from its balance sheet and recognized an investment in the above subsidiary for the newly-issued shares issued in exchange for the notes contributed.

The table below represents the percentage holding of the Cairo notes as at 30 June 2020 as well as their valuation price:

Cairo notes	(A) - Eurobank S.A. [1]	(B) - Eurobank Holdings	(C) - Mairanus Limited[2]	(D) = (A) + (B) + (C) - Eurobank Holdings Group	(E) - Third parties[3]	(F) = (D) + (E) - Total issue	*Valuation price*
A Senior	**100%**	**0%**	**0%**	**100%**	**-**	**100%**	***100%***
B1 Mezzanine	5%	-	-	5%	20%	25%	-
B2 Mezzanine	-	0%	75%	75%	-	75%	-
B Total	**5%**	**0%**	**75%**	**80%**	**20%**	**100%**	***5%***
C1 Junior	5%	-	-	5%	50.1%	55.1%	-
C2 Junior	-	0%	44.9%	44.9%	-	44.9%	-
C Total	**5%**	**0%**	**44.9%**	**49.9%**	**50.1%**	**100%**	***0%***

(1) Transferred from Eurobank Ergasias upon hive down.
(2) Contributed by Eurobank Holdings and subsequently will be distributed to its shareholders.
(3) Sold to doValue S.p.A.

Pillar securitization – loans' derecognition

In June 2019, Eurobank Holdings announced that it has entered into a binding agreement with Celidoria S.A R.L for the sale of 95% of the mezzanine and junior notes of a securitization of a residential mortgage loan portfolio of ca. € 2 billion gross book value comprising primarily NPEs. Eurobank Holdings would retained the 100% of the senior notes, as well as the 5% of the mezzanine and junior notes. 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, was classified as held for sale. The net carrying amount of the loan portfolio amounting to € 1,142 million corresponded 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.

In September 2019, the above transaction was completed for a total consideration of € 102.5 million, of which € 70 million cash and € 32.5 million deferred amount subject to the fulfillment of the terms of the agreement. The final consideration amounted to € 70 million in cash, while the above deferred amount that was previously recognized, was reversed in the fourth quarter of 2019, as the underlying terms and conditions were not fulfilled. Accordingly, Eurobank Holdings ceased to control the SPV ('Pillar Finance Designated Activity Company') and de-recognized the underlying loan portfolio in its entirety, on the basis that it transferred substantially all risk and rewards of the underlying loan portfolio's ownership. In addition, Eurobank Ergasias recognized the retained notes on its balance sheet. In March 2020, upon the completion of the hive down process, the retained notes transferred, inter alia, to Eurobank.

12. Investment securities

In the context of the hive down (note 4), considering that the obligations of Eurobank Ergasias (' Demerged Entity') arising from the Tier 2 Subordinated capital instruments were not transferred to Eurobank SA ('the Beneficiary'), the latter pursuant to the terms of the Draft Demerger Deed has explicitly and irrevocably undertaken to fulfil the relevant obligations. Accordingly, on 20 March 2020, the Beneficiary issued a subordinated instrument of equivalent terms with those of the TIER 2 mentioned above which was fully subscribed by the Demerged Entity. As at 30 June 2020, the carrying amount of the subordinated instrument held by the Company and categorised as at amortised cost, amounted to € 940 million, including accrued interest of € 166 thousand and impairment allowance of € 10 million (12-month ECL). The fair value of the said security was determined based on quotes for the related Tier 2 instrument (note 14) and amounted to € 868 million.

13. Shares in subsidiaries

The following is a listing of the Company's subsidiaries held directly at 30 June 2020:

Name	Note	Percentage holding	Country of incorporation	Line of business
Eurobank S.A.	a	100.00	Greece	Banking
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
Mairanus Ltd	b	100.00	Cyprus	Portfolio company

(a) Eurobank S.A., Greece

On 20 March 2020, Eurobank Ergasias S.A. ("Eurobank Ergasias" or "the Demerged Entity") announced that the demerger of Eurobank Ergasias through banking sector's hive down and establishment of a new company-credit institution ("Demerger") under the corporate name "Eurobank S.A." ("the Beneficiary") was approved. Following the approval of the Demerger, the Demerged Entity, which as of 23 March 2020 was renamed to "Eurobank Ergasias Services and Holdings S.A.", became the sole shareholder of the Beneficiary by acquiring all of its issued shares. Further information is provided in note 4.

(b) Mairanus Ltd, portfolio company, Cyprus

In June 2020, the Company acquired 100% of the shares of Mairanus Ltd for a cash consideration of € 2 thousand. In the same month, the Company following the respective decision by its Board of Directors, contributed cash of € 1.5 million and the retained Cairo notes of fair value € 56 million in exchange for newly-issued shares of Mairanus Ltd, which will be distributed to Eurobank Holdings shareholders, as the last step of the Cairo transaction (note 4).

(c) Special purpose financing vehicles for the securitization of loan portfolios and related real estate companies – Project "Cairo"

On 5 June 2020, the Company announced that the sale of a portion of mezzanine and junior securitization notes of the € 7.5 billion multi-asset NPE securitization (project "Cairo"), has been completed (note 14). Following the above, the Company ceased to have control over the related special purpose financing vehicles (Cairo No. 1 Finance Designated Activity Company, Cairo No. 2 Finance Designated Activity Company, Cairo No. 3 Finance Designated Activity Company) and the related real estate companies (Cairo Estate I Single Member S.A., Cairo Estate II Single Member S.A., Cairo Estate III Single Member S.A.).

14. Debt securities in issue

	30 June 2020 € million	31 December 2019 € million
Securitizations	-	943
Subordinated notes (Tier 2)	**947**	947
Covered bonds	-	500
Total	**947**	2,390

Pillar securitization

In June 2019, Eurobank Ergasias through its special purpose financing vehicle (SPV) 'Pillar Finance Designated Activity Company', issued asset backed securities (notes) of total value of ca. € 2 billion collateralized by a portfolio of primarily non performing residential mortgage loans (project Pillar), which were fully retained by the entity. The securitization notes consisted of € 1,044 million senior issued at par, € 310 million mezzanine issued at par and € 645 million junior of issue price € 1. In the same month, Eurobank Ergasias announced that it has entered into 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. Upon the completion of the transaction, in September 2019, Eurobank Ergasias ceased to have control over the SPV.

Cairo securitisation

In June 2019, Eurobank Ergasias, through its special purpose financing vehicles (SPVs) '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 (notes) of total value of ca. € 7.5 billion, collateralized by a mixed assets portfolio of primarily non performing loans, which were fully retained by the entity. The securitization notes consisted of € 2,409 million senior issued at par, € 1,464 million mezzanine issued at par and € 3,633 million junior of issue price € 1.

In the context of Law 4649/2019 ('Hercules' – Hellenic Asset Protection Scheme) voted by the Greek parliament on 16 December 2019, the SPVs opted in for the state guarantee scheme. Specifically, Eurobank Ergasias submitted the relevant applications to the Ministry of Finance on 25 February 2020 for Cairo No.1 and Cairo No.2 and on 15 May 2020 for Cairo No. 3. As a prerequisite to the above law, Eurobank Ergasias has already obtained the required external rating of the senior notes.

On 20 March 2020, the demerger of Eurobank Ergasias (renamed to Eurobank Holdings) through the hive down of the banking sector and the establishment of a new company-credit institution under the corporate name 'Eurobank S.A.' (Eurobank) was completed (note 4). At the aforementioned date, Eurobank assumed, inter alia 100% of the senior, 5% of the mezzanine and junior notes of the Cairo securitization of total fair value of € 2,425 million. The rest of the Cairo notes, i.e. 95% of the mezzanine and 95% of the junior notes, remained with Eurobank Holdings.

In December 2019, Eurobank Ergasias announced that it has entered into binding agreements with doValue S.p.A. for the sale of 20% of the mezzanine and 50.1% of the junior notes of the aforementioned Cairo securitization for a cash consideration of ca. € 14 million. Upon the completion of the transaction, in June 2020, Eurobank Holdings ceased to have control over the SPVs.

Finally, in June 2020, Eurobank Holdings, following the respective decision of the Board of Directors, proceeded to the contribution the Cairo notes retained, i.e. 75% of the mezzanine and 44.9% of the junior notes, of total fair value of ca. € 56 million to the Cyprus-based subsidiary "Mairanus Ltd" in exchange for its newly-issued shares.

A description of the accounting implications of the aforementioned transactions and events is provided in notes 4 and 11.

Tier 2 Capital instruments

In January 2018, Eurobank Ergasias 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 carrying amount of the aforementioned instruments, which have a maturity of ten years (until 17 January 2028) and pay fixed nominal interest rate of 6.41%, that shall be payable semi-annually, as at 30 June 2020, amounted to € 947 million, including € 3 million unamortized issuance costs and € 0.2 million accrued interest. Their fair value, which was determined by using quotes for identical financial instruments in non-active markets, amounted to € 868 million.

15. Share capital and share premium

As at 30 June 2020, the par value of the Company's shares is € 0.23 per share (31 December 2019: € 0.23). All shares are fully paid. Share capital, share premium and number of shares are as follows:

	Share capital € million	Share premium € million	Number of issued shares
Balance at 30 June	**853**	**8,056**	**3,709,161,852**

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 Company, it is not permitted to the Company to purchase treasury shares without the approval of the HFSF.

Post balance sheet events

Decrease of the share capital in kind

On 7 July 2020, the Board of Directors of the Company proposed to the General Shareholders' Meeting the distribution of Mairanus Ltd shares to Company's shareholders through the decrease in kind of its share capital.

Following the above, on 28 July 2020, the General Meeting of the Shareholders of the Company approved among others:

(a) The decrease of the share capital in kind with the decrease in the nominal value of each ordinary share issued by the Company by € 0.0155 and distribution to the shareholders of the Company of shares issued by Mairanus Ltd, which shall be renamed to "Cairo Mezz Plc" (Issuer), with a value corresponding to the value of the share capital decrease, i.e. 309,096,821 common shares issued by the Issuer, each common registered share of nominal value € 0.10, at a ratio of 1 share of the Issuer for every 12 shares of the Company already held. Under the condition of prior receipt of the relevant approvals, the shares of the Issuer are expected to be listed on the Alternative Market (ENA) of the Athens Stock Exchange.

(b) The capitalization of taxed reserves amounting to €20,400,390.19 for the purpose of rounding the new nominal value of each ordinary share issued by the Company.

Share options

In addition, the aforementioned General Meeting of the shareholders of the Company:

(a) approved the establishment of a five year shares award plan, starting from 2021, in the form of stock options rights by issuing new shares with a corresponding share capital increase, awarded to executives (of the Management) and personnel of the Company and its affiliated companies. The maximum number of rights that can be approved will be 55,637,000 rights, each of which will correspond to one new share, i.e. in case all option rights are exercised up to 55,637,000 new common registered shares of the Company in total will be allocated, corresponding to 1.5% of the current paid share capital. The exercise price of each new share is equal to the nominal value of the share, i.e. € 0.23.

(b) authorized the Board of Directors of Eurobank Holdings to determine the remaining terms and conditions of the plan.

16. Hybrid capital

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. Accordingly, following a notice for redemption on 29 May, 21 June and 13 September 2019, series C, B and D preferred securities were redeemed on 9 July, 2 August and 29 October 2019, respectively.

On 23 January 2020, a notice for the redemption of the remaining preferred securities of series A was given to the holders and on 18 March 2020, the aforementioned notes of face value of € 1.6 million were redeemed. In addition, for the period ended 30 June 2020, ERB Hellas Funding Ltd declared and paid for Series A of preferred securities in accordance with its terms and following the redemption of the Greek State – owned preference shares (note 14) on 17 January 2018, the non-cumulative dividend of € 11 thousand.

17. Cash and cash equivalents

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 2020 € million	31 December 2019 € million
Cash and balances with central banks (excluding mandatory and collateral deposits with central banks)	-	2,626
Due from credit institutions	**20**	146
Securities held for trading	-	1
Total	**20**	2,773

18. Post balance sheet events

Voluntary Exit Scheme (VES)

In July 2020, Eurobank Holdings group decided to launch a new VES for eligible units in Greece, which will be offered to employees over a specific age limit. The new VES will be implemented through either lump-sum payments or long term leaves during which they will be receiving a percentage of a monthly salary, or a combination thereof, and the estimated cost refers almost in its entirety to Eurobank S.A. and its subsidiaries.

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

Note 2 - Basis of preparation and principal accounting policies
Note 4 - Corporate Transformation-Hive down
Note 15 - Share capital and share premium

19. Related parties

On 20 March 2020, Eurobank Ergasias S.A. ("Demerged Entity") announced that the demerger of Eurobank Ergasias S.A. through the banking sector's hive down and the establishment of a new company-credit institution ("Demerger") under the corporate name "Eurobank S.A." (the Bank) was approved, while on 23 March 2020 "the Demerged Entity" was renamed to "Eurobank Ergasias Services and Holdings S.A." ("Company" or "Eurobank Holdings") (note 4). Following the above, the key management personnel (KMP) of Eurobank Ergasias S.A. remained as Eurobank S.A.'s KMP. Furthermore, the Board of Directors (BoD) of Eurobank Holdings is the same as the BoD of Eurobank S.A. and part of the KMP of Eurobank S.A. provides services to Eurobank Holdings according to the terms of the relevant agreement between the two entities. As at 30 June 2020, the percentage of the Company's ordinary shares with voting rights held by the Hellenic Financial Stability Fund (HFSF) stands at 1.40%. The HFSF is considered to have significant influence over the Company pursuant to the provisions of the Law 3864/2010, as in force the Relationship Framework Agreement (RFA) Eurobank Ergasias S.A. has entered into with the HFSF on 4 December 2015 and the Tripartite Relationship Framework Agreement (TRFA) between Eurobank S.A., the Company and the HFSF signed on 23 March 2020. 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 2019.

In addition, as of December 2019, Fairfax Financial Holdings Limited has obtained the required regulatory approvals in relation to the increase of its shareholding in Eurobank Ergasias S.A., which arose from the merger of the latter with Grivalia Properties REIC in the same year. Accordingly Fairfax group, which as at 30 June 2020 holds 31.27% in the Company's share capital, is considered to have significant influence over the Company. For the first half of 2020, the net income arising from the Company's activities with Fairfax group amounted to € 1.1 million.

A number of transactions are entered into with related parties in the normal course of business and are conducted on an arm's length basis. 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 from continuing and discontinued operations are as follows:

	30 June 2020		
	Subsidiaries [2] € million	KMP [1] and Entities controlled or jointly controlled by KMP € million	Associates and joint ventures € million
Due from credit institutions	19.54	-	-
Investment securities	939.92	-	-
Other assets	0.20	-	-
Other liabilities	-	-	1.75
	Six months ended 30 June 2020		
Net interest income	3.84	-	(1.10)
Net banking fee and commission income	4.44	-	4.02
Net trading income	0.50	-	-
Other operating income/(expense) [4]	1.33	(3.12)	(4.84)
Other Impairment losses and provisions (note 12)	(10.24)	-	-
Impairment losses relating to loans and advances and collectors' fees	(4.95)	-	(0.17)

	31 December 2019		
	Subsidiaries € million	KMP [1] and Entities controlled or jointly controlled by KMP € million	Associates and joint ventures € million
Due from credit institutions [3]	752.25	-	-
Securities held for trading	0.62	-	-
Derivative financial instruments assets	19.24	-	-
Loans and advances to customers	1,435.85	6.16	11.60
Other assets	10.89	-	9.80
Due to credit institutions	3,432.26	-	-
Derivative financial instruments liabilities	2.03	-	-
Due to customers	294.24	13.86	46.83
Other liabilities	294.99	-	3.21
Guarantees issued	598.45	0.01	2.00
Guarantees received	-	0.03	-
	Six months ended 30 June 2019		
Net interest income	(1.27)	0.01	(2.35)
Net banking fee and commission income	5.54	-	6.23
Dividend income	-	-	3.00
Net trading income	0.68	-	0.19
Other operating income/(expense) [4]	3.73	(4.35)	(12.08)
Impairment losses relating to loans and advances and collectors' fees	(25.93)	-	(3.58)

[1] Includes the key management personnel of the Company and their close family members.

[2] Equity contributions and other transactions with subsidiaries are presented in note 13.

[3] Furthermore as of 31 December 2019, € 0.7 billion 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"

[4] For the period ended 30 June 2020, the amount of € 3.12 million (30 June 2019: 4.35 million) relates to the services agreement with Grivalia Management Company S.A. for the management of the Company's real estate properties until the hive down date (note 4).

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

Following the completion of the banking sector's hive down of Eurobank Ergasias S.A., the Company recognizes KMP compensation referring mainly to KMP services provided by Eurobank S.A. in accordance with the relevant agreement. The Key management compensation for the period ended 30 June 2020 (mainly referring to the compensation of Eurobank Ergasias KMP for the pre hive down period) comprises short-term employee benefits of € 1.43 million (30 June 2019: € 3.02 million), long-term employee benefits of € 0.23 million (30 June 2019: € 0.47 million), while the cost recognized in the income statement relating to the defined benefit obligation for the KMP amounts to € 0.02 million (30 June 2019: € 0.05 million).

20. Board of Directors

The Board of Directors (BoD) was elected by the Annual General Meeting (AGM) of the Shareholders 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:

- Mr. Theodoros Kalantonis, submitted his resignation, effective as of 3 April 2020.
- The BoD by its decision dated 8 April 2020, appointed Ms. Alice Gregoriadi and Ms. Irene Rouvitha Panou as their new independent non-executive members, in replacement of the resigned independent non-executive members Mr. Richard Boucher and Mr. Nikolaos Bertsos, and their term of office will expire concurrently with the term of office of the other members of the BoD.

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
K. Vassiliou	Deputy Chief Executive Officer
B. P. Martin	Non-Executive
A. Gregoriadi	Non-Executive Independent
I. Rouvitha- Panou	Non-Executive Independent
R. Kakar	Non-Executive Independent
J. Mirza	Non-Executive Independent
G. Myhal	Non-Executive Independent
D. Miskou	Non-Executive (HFSF representative under Law 3864/2010)

Athens, 15 September 2020

Georgios P. Zanias	**Fokion C. Karavias**	**Harris V. Kokologiannis**
I.D. No AI - 414343	I.D. No AI - 677962	I.D. No AN - 582334
CHAIRMAN OF THE BOARD OF DIRECTORS	CHIEF EXECUTIVE OFFICER	GENERAL MANAGER OF GROUP FINANCE GROUP CHIEF FINANCIAL OFFICER