PIRAEUS BANK

# SIX-MONTH FINANCIAL REPORT

**For the period from 1st January 2019 to 30th June 2019**
**(In accordance with International Accounting Standard 34)**

**According to Greek Law 3556/ 2007**

**August 2019**

The Six-Month Financial Report has been approved by Piraeus Bank S.A. Board of Directors on 29 August 2019 and it is available on the web site of Piraeus Bank at www.piraeusbankgroup.com

The information contained in the Six-Month Financial Report has been translated from the original Six-Month Financial Report that has been prepared in the Greek language. In the event that differences exist between this translation and the original Greek language Six-Month Financial Report, the Greek language Six-Month Financial Report will prevail over this document.

The Six-Month Financial Report for the first semester of 2019 is available on the Bank's website http://www.piraeusbankgroup.com/en/investors/financials/financial-statements

# Certification of Chairman, Chief Executive Officer and member of Board of Directors

According to the provisions of article 5 paragraph 2(c) of Law 3556/2007, as in force, we the undersigned state that to the best of our knowledge:

The Interim Financial Statements for the 6-month period ended 30 June 2019 have been prepared in accordance with the applicable accounting standards and present a true and fair view of the assets and liabilities, the equity and financial performance of the Bank and of the entities included in the consolidation, taken as a whole, according to article 5 paragraph 3-5 of Law 3556/2007, as in force.

The Board of Directors' Interim Report for the same above period presents fairly the information required by article 5 paragraph 6 of Law 3556/2007, as in force.

Athens, 29 August 2019

| Chairman of the BoD | Managing Director | BoD Member |
|---|---|---|
| George P. Handjinicolaou | Christos I. Megalou | Solomon A. Berahas |

# BOARD OF DIRECTORS' INTERIM MANAGEMENT REPORT
## (According to Law 3556/2007)

## International Environment and Economic Developments

In 2018, the global economy decelerated slightly, with real global GDP growth rate reaching 3.6% from 3.8% in 2017. For 2019, global growth rate is expected to slow down further to 3.2% (IMF data & projections). Simultaneously, the inflation rate in developed economies will decelerate, due to lower international energy prices. The big challenge for the global economy will be the mutual resolution of the international trade disputes between US and China and other major trade partners. The global trade volume growth rate has decelerated significantly affecting negatively the export-driven economies.

In the US economy, the growth rate is anticipated to slow down to 2.4% in 2019 from 2.9% in 2018, due to the fading impact of the lower tax rates and Fed's tightening negative consequences. In July, the Fed cut its policy rate from 2.25%-2.50% to 2.00%-2.25%. At least one additional cut is foreseen until the end of 2019, leading the Fed's policy rate to 1.75%-2.00%. Moreover, the Fed also decided to maintain its total assets size unchanged from August 2019 levels.

In Eurozone, the GDP growth rate is estimated to slow down further to 1.2% in 2019 from 1.9% in 2018 and 2.5% in 2017, due to tepid export activity. The ECB ended the Quantitative Easing ("QE") program at the end of 2018. However, it is expected that the ECB will relax further its monetary policy during the second semester of 2019 by lowering further into negative territory the deposit facility rate and probably by starting a new QE program, so as to mitigate the negative impact triggered by trade disputes and recuperate the persistently low core inflation rate. At the same time, uncertainties exist due to Brexit stalemate and Italy's political instability.

Japan and the majority of emerging economies suffer from the negative impact derived from the trade disputes. Their central banks move to looser monetary policy along with fiscal expansion to support domestic demand. For 2019, growth rate in emerging and developing economies is anticipated to slow down further to 4.1% from 4.5% in 2018 and 4.8% in 2017 (IMF data & projections).

## Developments in the Greek Economy and the Banking System

In the first semester of 2019, the Greek economy, according to available indicators of economic activity, maintained its growth momentum, albeit at a slower pace, having entered in a period of positive growth rates, despite domestic challenges and the uncertainty prevailing in the international environment. With the completion of the ESM's 3-year economic adjustment program in August 2018, Greece joined the economic and fiscal policy coordination cycle of the European Semester and is now also subject to enhanced supervision of Regulation (EU) 472/2013. In the context of this framework, three reviews in November 2018, in February 2019 and in June 2019 were completed. In April 2019, further debt relief measures initially announced in June 2018 were implemented. Moreover, in April 2019, the Greek Ministry of Finance has requested for an early IMF loans repayment. Furthermore, since June 2018 a cash buffer has been built up in order to cover the Greek sovereign funding needs.

In 2018, and at the beginning of 2019, Moody's, S&P Global and Fitch had gradually upgraded the Greek sovereign rating to "B1" (Stable Outlook), "B+" (Positive Outlook) and "BB-" (Stable Outlook) respectively. In January 2019, Greece returned to the international debt capital markets with a € 2.5 billion five-year bond at a 3.6% yield. Furthermore, in March and July 2019, Greece issued bonds of nominal value € 2.5 billion each, with ten-year and seven-year maturity respectively and a yield of 3.9% and 1.9% respectively, reflecting a solid environment, a necessary condition for the Greek economy to stay on a sustainable growth path.

In 2018, real Gross Domestic Product ("GDP") sustaining the growth momentum of 2017 (+1.5%), increased by 1.9%. The Greek economy maintained its positive momentum in Q1 2019 albeit at a slower pace, increasing by 1.3% at an annual basis. Exports of services, investments and private consumption had positive contribution to growth. At the same time, the economic sentiment indicator is still in high levels (more than 100 points) during the January-July 2019 period, reaching the highest (since Apr. 2008) level of 105.3 points in July 2019. In Q1 2019, the unemployment rate stood at 19.2% and the employment trend continued to rise to 2.4% on an annual basis. Moreover, in the first semester of 2019 there was a 0.5% inflation, incorporating partially the changes in energy prices. Additionally, a plethora of economic activity indicators, such as of tourism, industry, retail and wholesale trade, services and exports recorded positive trends in the last two years. At the fiscal level, the general government surplus for 2018 reached 1.1% of GDP and the primary surplus according to the Enhanced Surveillance definition, stood at 4.3% of GDP compared to a target of 3.5% of GDP, exceeding for the fourth consecutive year the targets of the program.

Greece’s economic activity is expected to accelerate in the second semester of 2019, driven by employment, investment, exports and private consumption, although it is still subject to the ongoing economic and fiscal commitments under the Enhanced Surveillance framework. The existence of such growth drivers will improve the flexibility and resilience of the Greek economy to any internal and external political and economic headwinds, reducing economic volatility and increasing the levels of confidence to the Greek economy.

**Banking System**

The Greek banking system experienced in the first six months of 2019 an asset quality improvement through the reduction of the balance of its non performing exposures (“NPEs”) and an improvement of its liquidity (reduction of dependence on central bank funding) through the expansion of its funding sources (e.g. issuance of Tier II notes).

With respect to loans of the domestic private sector in the Greek market, the annual adjusted contraction rate of domestic private sector financing has been shrinking during 2018 and the first semester of 2019, and is solely attributed to contraction of household financing, resulting to a minimal annual contraction rate of 0.2% in June 2019. Non-financial corporations’ annual credit growth has turned positive since early 2019. The net loans to deposits ratio for the Greek banking market further improved to 85% as at 30 June 2019 from 94% as at 31 December 2018.

As far as liquidity of the Greek banking system is concerned, in the first semester of 2019, total deposits in the domestic market (private and public sector) remained almost flat, amounting to € 152.5 billion as at 30 June 2019 from € 152.4 billion at 31 December 2018. The increase is solely due to the private sector of the economy, as government deposits exhibited a reduction of € 2.3 billion.

The reduction of dependence of domestic banks from central bank funding continued in the first semester of 2019. Specifically, central bank funding was reduced by € 2.5 billion, from € 11.1 billion at 31 December 2018 to € 8.6 billion at 30 June 2019. The reduction was attributed to lower utilization of ECB’s Main Refinancing Operations (by € 1.5 billion compared to December 2018), and to the elimination of ELA (“Emergency Liquidity Assistance”) (by € 0.9 billion compared to December 2018).

In addition, Greek banks have regained access, after a long period, to the international unsecured debt capital markets, with the recent issuance of Tier II notes by Piraeus Bank and another Greek systemic bank, which were very well received by international investors, as evidenced by the total amount of orders placed.

In its March and June 2019 meetings, ECB announced seven quarterly Targeted Long-term Refinancing Operations (“TLTROs”) auctions from September 2019 to March 2021, each with a maturity of two years and specific terms. Greek banks are awaiting the further specification of the terms of participation from the Bank of Greece in order to assess and conclude on the use of TLTRO III facility.

Taking into account the conclusion of the third Economic Adjustment Program of Greece in August 2018, the almost full relaxation of capital controls since October 2018 and the return of the Greek economy to growth, it is anticipated that Greek banks are in the position to further improve their funding profile and increase their deposit base.

Addressing the high level of NPEs represents the biggest challenge for the Greek banking system. In late November 2016, the Bank of Greece, in cooperation with the Single Supervisory Mechanism ("SSM") of the ECB set operational targets for the reduction of non-performing exposures of Greek banks, which were accompanied by key performance indicators. In September 2017, the operational targets were revised, aiming at a 37% reduction of NPEs during the period June 2017-December 2019. In September 2018, new operational targets were submitted by Greek banks to the SSM for the period extending to the end of 2021, which aimed to reduce NPEs to the 20% level of gross loans or c. € 50 billion reduction versus 30 September 2018 levels. At the end of March 2019 the Greek banks re-submitted updated estimates for 2021 along with all high NPL SSM banks, aiming to reduce NPEs by an additional € 6 billion compared to the target set in September 2018, targeting an NPE ratio at the end of 2021 lower than 20%. For the end of 2019, the NPE stock is targeted to drop below € 60 billion for the four systemic banks based on the updated targets.

To attain the goal of NPE reduction, the legislative and legal framework has been improved, removing significant institutional and administrative impediments and banks have taken significant initiatives. Specifically, electronic platforms for real estate auctions have been established and are showing signs of progress. The institutional framework governing NPL servicing companies has been amended with 18 servicing firms currently operating in Greece, while efforts to improve interbank cooperation (e.g., the NPL Forum) intensified. Meanwhile, the secondary market for NPEs has kick-started with very positive results, with more than 10 transactions being completed or at an advanced stage since the fourth quarter of 2017. Four transactions related to secured portfolios have already been completed, and several transactions have been concluded in unsecured retail portfolios. In addition, the NPL securitization market has been kick-started with a € 2 billion mortgage NPL securitization completed, expected to be followed by other similar transactions. Finally, a new law is offering legal protection to bank executives dealing with loan restructuring and the rights of secured creditors have been strengthened.

Based on March 2019 data, NPEs decreased by 2.2% and 25.4% compared to 31 December 2018 and 31 March 2016 (when they reached their all time high) respectively, dropping to € 80 billion or 45.1% of total exposures. The banking system NPE coverage by cumulative provisions reached 47.1%. When collateral is incorporated in the coverage calculations (capped at a maximum value of the remaining balance of the loan before provisions), then the NPE coverage achieved exceeds 100%.

Other significant developments that could play a role in the banks' NPE management efforts during 2019 are:

- A new law for the protection of primary residence, substituting the expired as of 28 February 2019 framework, has been effective as of April 2019. The law incorporates a State subsidy for mortgages and is expected to provide assistance to a targeted group of borrowers with loans secured by primary residence.

- Two State-supported schemes that have been put forward a) by the Hellenic Financial Stability Fund ("HFSF") along with the Ministry of Finance and b) by the Bank of Greece and if introduced could provide further support to NPE reduction while limiting moral hazard. Both schemes are awaiting approval by European authorities.

- New guidelines introduced by the ECB to address the stock as well as new NPEs in a phased-in fashion.

## Piraeus Bank Group Developments

The most important corporate events for Piraeus Bank Group during the first six months of 2019 and up to the publication of the Condensed Interim Consolidated Financial Statements (the "Interim Financial Statements") were the following:

- On 28 February 2019, Piraeus Bank completed the sale of its shareholding (98.8%) in its Albanian subsidiary, Tirana Bank Sh.A., to Balfin Sh.p.k. and Komercijalna Banka AD, after receiving the required approvals from the competent regulatory authorities in Albania, including the Bank of Albania, as well as the HFSF.

- On 8 March 2019, Moody's Investors Service affirmed Piraeus Bank's long-term deposit rating at "Caa2", while the outlook was changed to positive from stable.

- On 3 June 2019, Piraeus Bank announced a long-term strategic partnership with Intrum for the management of NPEs and Real Estate Owned Assets ("REOs") through the establishment of a market-leading independent non-performing assets servicing platform in Greece.

  The key components of the transaction are:

  - Piraeus Bank's internal Recovery Banking Unit ("RBU") platform will be transferred to a new servicer company; 80% of the new servicer company will be held by Intrum and 20% by Piraeus Bank;

  - The new servicer company will enter into a contract to service the Bank's existing € 27 billion NPE portfolio, together with any new inflows, on an exclusive basis. The new servicer company will also manage NPE of third parties. The initial term of the contract will be for ten years and will include terms and conditions consistent with similar precedent market transactions;

  - A second servicer company will be formed, with the same shareholder structure that will manage the Bank's € 1 billion REOs, together with any new flows. This company will also service REOs of third parties;

  - George Georgakopoulos, BoD member heading Piraeus Bank's Legacy Unit, will assume the role of CEO of the new servicer companies.

  - The agreement values the platform at € 410 million. Total purchase price consideration for Intrum's acquisition of 80% of the platform has been agreed at € 328 million of which € 32 million is contingent on the future performance of the business within a three-year time horizon.

  Piraeus and Intrum aim for the transaction closing in Q4 2019. Following the completion of the transaction, the assets and the proceeds of the serviced portfolio will remain on the balance sheet of the Bank. The transaction is contingent on customary conditions, regulatory approvals and the consent of the HFSF.

- On 10 June 2019, Piraeus Bank reached an agreement with an entity affiliated with Davidson Kempner Capital Management LP, for the sale of corporate NPEs, amounting to € 507 million Gross Book Value or € 535 million Total Legal Claim as of 31 October 2018 (portfolio Cut-Off Date), for a consideration of € 240 million. The transaction is subject to the ordinary terms and approvals by the competent Greek authorities, including the consent of the HFSF.

- On 13 June 2019, Piraeus Bank completed the sale of its shareholding stake (100%) in Piraeus Bank Bulgaria to Eurobank Bulgaria AD after receiving the required approvals from the competent regulatory authorities in Bulgaria, including the National Bank of Bulgaria, as well as the HFSF.

- On 19 June 2019, Piraeus Bank successfully completed the book building process for the issuance of 10NC5 dated subordinated notes amounting to € 400 million, through its wholly owned UK subsidiary, Piraeus Group Finance Plc and under the € 25.0 billion Euro Medium Term Note Programme. The notes were placed in the international debt capital markets, while demand for the transaction stood at approximately € 850 million, with 135 investors placing orders as part of the book building process. The coupon of the issue has been set at 9.75% and the settlement date was 26 June 2019.

- On 15 July 2019, within the framework of its operational target to reduce its operating costs by circa € 150 million in the period 2019-2021, Piraeus Bank Group announced a voluntary exit scheme for targeted groups of employees.

- On 25 July 2019, Mr. Theodore Gnardellis was appointed as Piraeus Bank Group Chief Financial Officer, an Executive General Manager role, and member of the Bank’s Executive Committee.

## Organizational Structure of the Piraeus Bank Group

The Piraeus Bank Group, either through the Bank or its subsidiaries, provides a wide variety of banking products and services to retail customers and corporate clients.

Under its strategic plan the Group’s segments are defined as follows:

**Piraeus “Core” Segments**

**Retail Banking** – This segment includes mass, affluent, private banking, small businesses, and public core segments and channels.

**Corporate Banking** – This segment includes facilities relating to large corporates, shipping, SME, green banking and the agricultural segments.

**Piraeus Financial Markets (PFM)** – This segment includes the fixed income, foreign exchange, treasury activities (including the interest rate gap resulting from all bank activities) as well as the institutional clients’ segments.

**Other**– This segment includes the results of all management related activities which cannot or should not be allocated to specific customer segments. This segment also includes all the funding related transactions which are made as a result of an Assets/Liabilities Management Committee decision.

**“Piraeus Legacy Unit” Segment**

**PLU** – This segment includes the RBU, considered to be non-core business, the international subsidiaries as well as REO assets, non-core Greek subsidiaries and discontinued operations. Piraeus Bank has entered into the Intrum transaction with an objective to transfer the RBU into a separate legal entity (see “Piraeus Bank Group Developments” for more information).

## Evolution of Volumes and Results of Piraeus Bank Group during the first semester of 2019

Piraeus Bank has a systemic position in the Greek banking market in terms of total assets amounting to € 59.2 billion as at 30 June 2019, deposits (29.0% market share) and loans and advances to customers at amortized cost (28.9% market share, with 32.0% in corporate lending). Savings deposits constitute 34.0% of the total domestic deposits of the Bank with time deposits at 38.8% and sight deposits at 26.4%. Business deposits correspond to 26.6% of the total domestic deposit base at Piraeus Bank with retail deposits at 73.4%. Piraeus Bank has a dominant position in the SME market, as around 80% of the domestic SMEs are customers of the Bank. Piraeus Bank's domestic loan book consists of corporate (61.7%), mortgage (28.5%) and consumer, personal & other loans (9.8%). The Bank holds the most extensive footprint in Greece with 541 branches and a wide customer base of 5.4 million active customers. The free float on its share capital is high with c.28k common shareholders, holding 73.6% of the Bank's common equity (the HFSF holds 26.4%).

## Balance Sheet

Regarding the financial position of Piraeus Group as at 30 June 2019, total assets amounted to € 59.2 billion compared to € 61.9 billion as at 31 December 2018.

Customer deposits of the Group were almost stable in the first six months of 2019, reaching € 44.9 billion as at 30 June 2019, marginally higher (+0.3%) compared to 31 December 2018, albeit were up 6.6% vs a year ago. The declining trend in time deposits' cost continued during the first semester of 2019, with new time deposits' cost averaging at 0.54% in June 2019 versus 0.59% in December 2018.

| | Selected Balance Sheet Figures | | | | |
|---|---|---|---|---|---|
| | 30/6/2019 | 31/12/2018 | 30/6/2018 | YtD | YoY |
| Gross Loans | 50,757 | 53,090 | 53,749 | -4.4% | -5.6% |
| Less: Expected Credit Loss (ECL) Allowance | (12,581) | (13,333) | (14,368) | -5.6% | -12.4% |
| Net Loans | 38,176 | 39,757 | 39,380 | -4.0% | -3.1% |
| Financial Assets | 3,924 | 3,073 | 2,457 | 27.7% | 59.7% |
| Other Assets | 17,137 | 19,049 | 17,385 | -10.0% | -1.4% |
| **Total Assets** | **59,238** | **61,880** | **59,222** | **-4.3%** | **0.0%** |
| Due to Banks | 3,716 | 5,548 | 5,559 | -33.0% | -33.2% |
| Deposits due to customers | 44,890 | 44,739 | 42,102 | 0.3% | 6.6% |
| Other Liabilities | 2,982 | 4,087 | 4,214 | -27.0% | -29.2% |
| **Total Liabilities** | **51,587** | **54,374** | **51,875** | **-5.1%** | **-0.6%** |
| **Total Equity** | **7,651** | **7,506** | **7,347** | **1.9%** | **4.1%** |

Utilization of Eurosystem funding was significantly reduced in the first semester of 2019, to € 1.0 billion as at 30 June 2019 from the level of € 3.2 billion as at 31 December 2018, supported from loan portfolio deleveraging and the issuance of € 400 million Tier II subordinated bonds. ELA funding was eliminated in July 2018 and remained nil as at 30 June 2019. Access to the interbank market with the use of collaterals reached € 1.3 billion as at 30 June 2019 from € 1.5 billion as at 31 December 2018 and € 2.3 billion as at 30 June 2018. Following the ELA funding elimination, Piraeus Bank has managed, in a short period of time, to increase its Liquidity Coverage Ratio to the level of 99.4% as at 30 June 2019 compared to 62.1% as at 31 December 2018.

Gross loans as at 30 June 2019 amounted to € 50.8 billion. Net loans stood at € 38.2 billion as at 30 June 2019 compared with € 39.8 billion as at 31 December 2018, with the Group's net loans to deposits ratio at 85.0%, almost at the same level compared with 31 December 2018 (excluding the seasonal € 1.6 billion loan to farmers repaid in early 2019), evidence of the successful liquidity management efforts undertaken by the Bank.

| | Selected Asset Quality Figures | | |
|---|---|---|---|
| | 30/6/2019 | 31/12/2018 | 30/6/2018 |
| NPEs | 26,087 | 27,331 | 29,387 |
| NPEs Bank | 25,014 | 26,183 | 28,084 |
| NPLs | 17,356 | 17,403 | 17,799 |
| NPLs Bank | 16,769 | 16,756 | 17,077 |

The Group's NPEs declined to € 26.1 billion as at 30 June 2019 compared to € 27.3 billion as at 31 December 2018 and € 29.4 billion as at 30 June 2018, while NPLs stood at € 17.4 billion as at 30 June 2019 compared to € 17.8 billion a year earlier. Likewise, the Group's NPEs over total gross loans ratio for the Group was reduced to 51.4% as at 30 June 2019 from 53.1% as at 31 December 2018 and 54.7% at 30 June 2018, due to the continuous efforts of the group to improve its asset quality. The Group coverage ratio of NPEs by ECL Allowance stood at 48.2% as at 30 June 2019 from 48.8% as at 31 December 2018.

The Group's gross loans in arrears over 90 days ratio (NPLs) was 34.2% as at 30 June 2019 from 33.8% as at 31 December 2018. The Group coverage ratio of loans in arrears over 90 days by ECL Allowance stood at 72.5% as at 30 June 2019 from 76.6% as at 31 December 2018.

The level of ECL Allowance over gross loans ratio of the Group reached 24.8% on 30 June 2019, compared to 25.9% on 31 December 2018,(excluding the seasonal € 1.6 billion loan to farmers repaid in early 2019) .

As part of the submission of operational targets for asset quality to both ECB and Bank of Greece, Piraeus Bank has committed at the end of March 2019 to reduce its NPEs, between December 2018 and December 2021, by approximately 57% (at the parent level)

The Bank's overall strategy in managing NPEs is to achieve a balance between ambitious NPE reduction target and value creation in the longer term:

- one of the challenges in decreasing our NPEs is to optimize between frontloading NPE reduction and the upside potential from the macroeconomic recovery. As a result, our target of decreasing NPEs goes hand in hand with our target of maximizing shareholders value;

- the Bank recognizes its duty to support the real economy by providing continued financing to viable companies and individuals.

The following principles determine the Bank's strategic priorities in response to the financial constraints currently in place:

- provide as many as possible long term viable solutions that will take customers back to the performing book and at the same time maintain options to take a share of the future upside

- proceed with resolution for non-viable or uncooperative customers/businesses when it is clear that restructuring is not a viable option, thus enabling the Bank to preserve its value

- proceed carefully with write-offs either as part of the restructuring solution on justifiable cases or following the exhaustion of legal actions

- given the above, the bank has decided to proceed to a strategic partnership with Intrum in servicing its NPE and REO portfolio (please see section above "Piraeus Bank Group Developments"), and is constantly assessing the sale and the securitization of various parts of its loan portfolio.

## Profit & Loss

The Group's net interest income increased to € 719 million during the first semester of 2019 from € 706 million in the corresponding period of 2018 due to the reduction in the cost of funding and despite lower accruing balances. Net fee and commission income amounted to € 146 million in the first semester of 2019, versus € 139 million in the first semester of 2018. Despite higher net interest and net fee and commission income, total net income slightly decreased to € 893 million compared to € 906 million in the first semester of 2018 as a result of lower financial and other income.

The Group's total operating expenses in the first semester of 2019 stood at € 492 million, compared to € 646 million in the same period of 2018, as a result of the drop of both staff costs (32.7% YoY) and administrative expenses (16.1%). Excluding the extraordinary costs related with voluntary exit schemes ("VES") in the first semester of 2018 and the first semester of 2019, total operating expenses were reduced by 7.4% in the first semester of 2019 versus the first semester of 2018.

As a result of the above, Group profit before provisions, impairments and income tax for the first semester of 2019 amounted to € 402 million, compared to € 260 million in the first semester of 2018. The results of the first semester of 2019 were burdened by impairment charges amounting to € 334 million, compared to € 312 million in the first semester 2018.

The Group's profit before income tax in the first semester of 2019 amounted to a gain of € 57 million compared to a loss of € 64 million in the first semester of 2018, while profit for the period from continuing operations attributable to shareholders amounted to a gain of € 34 million and loss of € 55 million for the respective periods.

| | Selected Profit & Loss Figures | | |
|---|---|---|---|
| | 30/6/2019 | 30/6/2018 | YoY |
| Net Interest Income | 719 | 706 | 1.9% |
| Net Fee & Commission Income | 146 | 139 | 5.4% |
| Other Income | 28 | 62 | -54.2% |
| **Total Net Income** | **893** | **906** | **-1.4%** |
| Staff Costs | 259 | 384 | -32.7% |
| -excl. VES costs | 243 | 252 | -3.6% |
| Administrative Expenses | 174 | 208 | -16.1% |
| Depreciation & Other | 59 | 54 | 9.3% |
| **Total Operating Costs** | **492** | **646** | **-23.9%** |
| -excl. VES costs | 476 | 514 | -7.4% |
| **Pre Provision Income** | **402** | **260** | **54.3%** |
| Impairment charges | 334 | 312 | 7.1% |
| Pre Tax Result | 57 | (64) | - |
| Tax | 25 | (6) | - |
| **Profit/ (Loss) for the period** | 32 | (58) | - |
| **Net Result Attributable to Shareholders from Continuing Operations** | 34 | (55) | - |
| Discontinued Operations Result | 7 | (313) | - |

## Capital

As at 30 June 2019, the Group's total accounting equity amounted to € 7.7 billion from € 7.5 billion as at 31 December 2018, mainly as a result of current period profits and positive reserves movement. The Group's Basel III total capital adequacy ratio stood at 14.73% on 30 June 2019, and the Common Equity Tier 1 (CET 1) ratio at 13.89%. The amount of deferred tax assets which is included in the Group's regulatory capital in accordance with the provisions of Greek Laws 4172/2013, 4302/2014, 4340/2015, as of 30 June 2019 was € 3.9 billion. The Group's fully loaded CET 1 stood at 11.22% and total capital adequacy ratio at 12.10% as of 30 June 2019. The Group's Basel III pro-forma total capital adequacy ratio, after incorporating the positive effect of risk weighted assets (RWA) release from the sale of NPE portfolios (classified as held for sale as at 30 June 2019) and including the interim profit of 2019, stands at 14.92%.

Following the conclusion of the SREP (Supervisory Review and Evaluation Process) for year 2018, the ECB informed Piraeus Group of its total capital requirement, valid from 1 March 2019. According to the decision, the Group has to maintain an overall capital requirement ratio ("OCR") of 14.00%, which includes: (a) the minimum Pillar I total capital requirements of 8.00% as per article 92(1) of Regulation 575/2013/EU; (b) the additional Pillar II capital requirement of 3.25% as per article 16(2) of Regulation 1024/2013/EU; (c) the fully loaded capital conservation buffer of 2.50% as per Regulation 575/2013/EU, and (d) the transitional Other Systemically Important Institutions ("O-SSI") capital buffer of 0.25% under Greek Law 4261/2014.

## Commercial Presence

The Group's branch network of its continuing operations as at 30 June 2019 totaled 561 units, of which 541 operated in Greece and 20 in 3 other countries. The branch network in Greece was reduced by 33 units during the last 12 months as a result of the rationalization plan. At the same time, the Group's headcount totaled 12,445 employees in the continuing operations, of which 11,986 were employed in Greece (31 December 2018: 12,557 and 12,097 respectively).

## Going Concern Principle

Management has concluded that the financial statements of the Group and the Bank have been appropriately prepared on a going concern basis as of 30 June 2019 taking into account:

a) the significant positive developments that have taken place in the Greek economy during the last years and the estimates that point to the macroeconomic environment maintaining its growth momentum,

b) the Group's and the Bank's improving liquidity position, including zero reliance on Emergency Liquidity Assistance "ELA" since July 2018 and their diversified sources of funding,

c) the upward trend in the Group's profitability,

d) the Group's capital adequacy.

The basis for conclusion is presented in Note 2.2.

## Implementation of the Restructuring Plan

Piraeus Bank had undertaken commitments in corporate governance and commercial practices since 2013 and was executing a Restructuring Plan since 2014, as it had been agreed between the Hellenic Republic and the European Commission, following the receipt of state aid. In November 2015, as a consequence of developments in the domestic economy and the result of the diagnostic exercise conducted by the ECB, the Bank submitted (with the approval of the HFSF) to the European Commission a revised Restructuring Plan ("RP"), which was approved on 29 November 2015. This revision led to the update of the initial commitments of Hellenic Republic towards DG Comp of European Commission that were agreed in 2013 and then again in 2014. In addition, the role of the Monitoring Trustee ("MT"), initially appointed in 2013, was enhanced to ensure the proper monitoring of i) the RP and ii) the aforementioned updated Commitments. The amended mandate of the MT also ensured that the latter participated as an observer in the meetings of the Board of Directors, including the meetings of the Risk Committee, the Strategy Committee and the Group Executive Committee.

Piraeus Bank has completed by 31 December 2018 the RP and the commitments arising from it (13 commitments of the RP and 27 Commitments on corporate governance & commercial practices). The overall supervision by the MT, which had been initiated in 2013, was completed de facto in December 2018 and de jure by the submission of his last report to the DG Comp of the European Commission in 28 June 2019.

Regarding the 2 commitments of the RP which were not fulfilled by 100% by 31 December 2018, the MT and DG Comp acknowledged their immaterial size as well as that they face legal or other unresolved issues mostly beyond the Bank's control, which did not allow their complete fulfillment within the deadline set. It was further acknowledged by them that their not complete fulfillment does not affect the material fulfillment of the RP, recognizing at the same time the significant strengthening of the corporate governance model and framework, as well as the risk management monitoring and control system.

## Non-Financial Information for the first semester of 2019

### Group Human Resources

### Building of a Strong Common Corporate Culture

After reaching the point of broader recognition of the Bank's new corporate values in 2018, our objective is the elaboration of a set of activities to exemplify the new mindset and connecting it to business impact. Indicative initiatives include:

***Breakfast with Leaders*****:** The CEO and ExCo members meet with employees in an informal context to share strategic directions and values. During the first semester 2019, 210 employees participated.

***Culture Pulse Check*****:** Monitors progress on culture transformation, reinforcing feedback culture and enhancing employee engagement. The survey had an 81% participation rate. Communication of the results internally & involvement of employees in the action planning will follow.

***Focus Groups:*** Through which people in cross-functional teams discuss how they perceive the results and contribute with ideas in the action planning process. So far, the numbers sum up 22 sessions with 223 participants targeting 40 focus groups and 450 participants across the Bank.

***Risk Culture - shared target with Group Risk*:** The 1st risk culture survey rolled out to measure risk awareness in the Bank via 4 key pillars (tone from the top, accountability, effective communication & challenge, incentives). Results communication & targeted action planning will follow.

**People Online 30'**, a new and innovative way of 30' communication with the top management team, to present and discuss topics related to Group's people. It begun on March 2019 and so far 8 sessions have taken place.

In early 2019 we introduced **People Careers**, which focuses on the professional development of employees based on the principles of Responsibility, Transparency and Meritocracy. Employees have the opportunity to be informed about the job openings in the Group, as well as the expected knowledge, skills and experience, opening up new job opportunities and challenges. So far, more than 120 job offerings have been announced.

During the first semester of 2019, internal transfers covered 80% of the total staffing needs.

**Professional Development Framework**

The implementation of the Job Family Model ("JFM"), lays the foundations for a more structured approach in promotions, based on enriching/increasing accountabilities and competencies, and create a more competitive compensation and benefit package, to retain talent.

**People Development Actions**

Based on the process of the new people performance management system, Become & Achieve, 98% of employees completed their performance reviews for 2018. The evaluations were calibrated at management level, promoting transparency and ensuring common performance standards across the Bank.

Performance management is also linked with people development. The Individual Development Plan (IDP) is a new tool for employee development to enhance performance, promote a growth mindset across the organization, and increase the level of employee engagement. Every employee, in collaboration with his/her manager sets a developmental goal and selects specific, results-oriented actions, through Bank's learning & development process, in order to achieve it. More than 2,500 employees have already started designing their IDP.

**Learning & knowledge sharing**

Piraeus Learning supports the strategic goals and values of the Organization as well as the employees' individual reskilling - upskilling needs. During first semester 2019:

a) The training plan follows the 4 distinct portfolio of Workplace Wellbeing, Banking & Business, People Skills and Leadership Development. In total, 205,829 training man-hours were recorded. Particular emphasis was placed in the Banking & Business section, on which 172,815 training hours were assigned, focused on programs such as the "MiFID II" regulatory framework, "ICE II" the new system tutorial, Unit linked and Bankassurance products.

b) 522 training sessions took place, numbering 46,913 participations, increased by 30% versus the respective participations of the previous year. The average training man-hours per employee were 18, slightly increased compared to the first semester of 2018. In total, 88% of employees participated in at least one training program.

c) A new game-based eLearning program, the "Game of Code", was initiated in June with the attendance of more than 2,200 employees, aiming to ensure that all employees are aware and in line with the Bank's Code of Conduct.

**Health, Safety & Wellbeing**

Aiming to sustain a health, safety and wellbeing culture with high standards, the Bank provides a wide range of preventative services for employees and their families. The Bank continued during the first semester of 2019 to systematically train firefighting teams, covering 434 evacuation exercises. In the same period, 2 accidents were recorded in the branches, dealt with in full compliance with the law, taking additional corrective measures for avoiding future incidents.

Beyond the labor framework, the Bank continues to provide within the "duty of care" responsibility, Employee Assistance Programs and Occupational Doctors and Nurses, responsible for consultation on health and psychosocial issues. In the same h&s framework, 480 employees and their families also benefited from various courses, lectures and seminars. Additionally, during the first semester, we assigned 16 orthopedic seats and supported motherhood by endorsing 200 cumulative leave absences.

**Corporate Responsibility and Volunteerism actions**

The Bank organized and participated, in collaboration with 275 Organizations, 56 Corporate Responsibility and volunteering actions, benefitting 11,659 people. The promotion of youth entrepreneurship was still at the center of the Bank's priorities.

**Principles for Responsible Banking**

Piraeus Bank is the only Greek bank that participated in the development of the Principles for Responsible Banking, with 27 other UNEP FI-member banks. The adoption of the Principles will align the global banking sector with the Sustainable Development Goals and the Paris Climate Agreement.

**Environmental Management – Improvement of Environmental Performance**

Piraeus Bank implements an Environmental Management System ("EMS") in all its buildings, certified under the European Eco-Management and Audit Scheme ("EMAS") regulation and ISO 14001. In 2018, Piraeus Bank received Guarantees of Origin certifying that 100% of the electricity consumed in the Bank derived from Renewable Energy Sources.

The environmental data and KPIs are reported both in Piraeus Bank's Sustainability & Business Report[1] and in the Environmental Statement[2] and are validated by a third party assurance agency. In 2018, the $CO_2$ emissions and paper consumption per employee were reduced by 4% each and electricity was reduced by 9%, compared to 2017. Some of Piraeus Bank's environmental targets for 2019 are: 5% reduction in total electricity consumption per square meter (2-year target, base year 2018), 2% reduction in total paper consumption per employee.

In 2018, the replacement of outdoor sign lighting with LEDs in 351 branches was completed (total 500 branches since 2017) and the energy saving is approximately 50%. The "Energy Office", an environmental program, uses a web-based, real-time, monitoring software, unique in the Greek banking sector and records the energy and water consumption in more than 350 buildings. In total, since 2014, electricity consumption per m2 decreased by more than 17%. The implementation of environmental programs reduces the Bank's operational expenses by € 5 million annually.

[1] Sustainable Development Report 2018: https://www.piraeusbankgroup.com/en/investors/financials/annual-reports

[2] Environmental Statement 2017: https://www.piraeusbankgroup.com/en/corporate-responsibility/environment/environmental-fields-of-action/environmental-management

**Addressing Climate Change**

Piraeus Bank calculates annually, based on their turnover, the climate risk of its business borrowers in economic sectors that may be affected by climate change. For 2018, the total climate exposure of the Bank's business borrowers was estimated at € 926 million, i.e. 1.7% of their total turnover, from € 542 million in 2017 (1.3% of their total turnover)[3]. Only 8.6% of the Bank's loan portfolio belongs to sectors with medium and high climate exposure.

**The "PIOP" Museum Network**

PIOP ("Piraeus Bank Group Cultural Foundation") is a charitable non-profit foundation, its operations being funded by Piraeus Bank. For 2018 PIOP received the distinction of Silver Medal of the Order of the Letters and Fine Arts from the Academy of Athens.

**Environmental & Social Risks Management in Business Financing (ESMS)**

The purpose of the ESMS is to apply environmental, social and financial criteria in the process of assessing business finance. Since 2017 the Group's Credit Policy and Business Credit Criteria include an assessment of Environmental and Social (E&S) risks, aiming at holistic depiction and risk assessment. In 2018 Piraeus Bank implemented a total of 2,383 evaluations (including new projects, renewals, insurance, etc.).

## Related Party Transactions

With reference to the transactions of the Bank with related parties, such as members of the Board of Directors and the management of the Bank and its subsidiaries, these were not material in the first semester of 2019, and a relevant detailed reference is included in the 2019 Interim Financial Statements Note 24.

## Risk Management

Risk Management is an area of particular interest and continuous focus for the Bank's senior management having as its target the most effective risk management and control, at the Bank and Group level, and aiming at the preservation of stability and continuity of operations. The prudent implementation and continuous development of the risk management framework constitutes a priority and is taken into account when designing the strategic and business plans of the Group.

Overall, the risk management framework is continuously enhanced with the deployment of sound risk quantification, monitoring and decision making practices as well as robust control mechanisms, while adhering to current and upcoming regulatory and supervisory guidelines.

**Group Risk Management**

Group Risk Management is an independent administrative unit in relation to units of the Bank which have executive responsibilities, or responsibilities for making and accounting for transactions, and carries out the responsibilities of the Risk Management and Credit Risk Control Unit. Group Risk Management is responsible for the design, specification and implementation of the Bank's policies on risk management and capital adequacy in accordance with the directions of the Board

[3] The average annual green-house gas emission allowance price of € 16/tonne was used to calculate climate exposure compared to price of € 7/tonne of emissions by which it was calculated in previous years.

of Directors, which covers the full range of Bank activities for all types of risks. The Group's Chief Risk Officer supervises Group Risk Management. For issues of responsibility he reports to the Chief Executive Officer and to the Risk Management Committee and/or through it, to the Bank's Board of Directors.

The Group has in place an officially approved Risk and Capital Strategy, which includes a Risk Appetite Framework. The Risk and Capital Strategy of the Group takes into consideration current conditions and Group commitments, provides guidelines and sets the basis for the definition and formation of a broad risk management culture, in line with the strategic plans with respect to supervisory expectations.

During the first semester of 2019, Group Risk Management continued to develop the Bank's risk management framework in alignment with the Bank's strategic plan.

As reflected in the design and implementation of the strategic plan, it is of high priority for the Bank to further develop sophisticated risk management practices and robust models and methodologies. More importantly, the Bank aims to solidify the sound risk culture and awareness of the institution across all levels of the organization.

In March 2019, the modernized and transformed organisational structure of the Group Risk Management was fully implemented, aiming at a more organized approach to risk management in a consistent, balanced and integrated manner. In addition, the revised structure was better aligned with the Bank's strategic targets, including the profitable and sustainable business model, optimization of capital allocation, strengthening of risk monitoring and controls and adoption of superior governance standards as well as meeting the regulatory demands and oversight.

Taking into consideration the overall mission and objectives of the Group Risk Management, a 4-pillar structure was established, with clear and discrete functional areas and responsibilities, and comprised by:

- Risk
- Balance sheet & capital planning
- Control
- Analytics

Furthermore, in alignment with the bank-wide implementation of the Internal Control System Enhancement initiative, Segment Controller role was established with a discrete reporting line to CRO (segment Head).

Indicatively, but not exhaustively, the first semester of 2019 key risk strategic and functional objectives include:

- Enhancements of risk management framework in terms of policies, methodologies, models and processes
- Risk-weighted assets ("RWA") management and capital awareness initiatives
- Set up / operation of a fully centralized Individual Impairments Unit
- Implementation of risk data quality initiatives and enhancements of risk reporting
- Enhancements of the Internal Control System ("ICS") framework
- Design and delivery of risk culture survey.

**Risk | Function & Initiatives:**

Risk is responsible for the development of the risk management framework (policies, methodologies, models and processes) with respect to credit risk, collateral risk, market, liquidity and Anti Money Laundering ("AML") related risks. To that end, the unit deploys proper methods, including models, that allow the identification, measurement and monitoring of the aforementioned risks. Further, Risk produces risk-related information (reporting) to the Bank Management and Management/BoD Committees as well as to the supervisory authorities.

During the first semester of 2019, Risk has led/participated in a number of strategic & functional risk initiatives. Indicatively:

- Credit Risk
  - Establishment of a centralized Impairment Unit
  - Enhancements of credit risk management framework (policies, methodologies, models and processes) and reporting, while meeting regulatory requirements

- Market, Liquidity & AML
  - Enhancements of market risk management, Internal Liquidity Adequacy Assessment Process (“ILAAP”) and Interest Rate Risk in the Banking Book (“IRRBB”) frameworks and reporting, while meeting regulatory requirements
  - Support IRRBB initiatives (behavioural models, data requirements)

- Own Assets & Collateral Risk
  - Development of own assets and collateral risk management framework & reporting
  - Active involvement of Group Risk Management in Properties and On-boarding Committees
  - Diagnostic reports for own assets and collateral risk

**Balance Sheet & Capital Planning | Function & Initiatives:**

Balance Sheet & Capital Planning supports the development and implementation of the Group’s Strategy, aiming at the effective management of risks and balance sheet optimization. To this end, the unit is responsible for the development and maintenance of the Risk and Capital Strategy as well as Risk Appetite Framework of the Group, in accordance with the Risk Committee and Board of Directors’ directions and guidance.

Moreover, it is responsible for the design and implementation of the Group’s Internal Capital Adequacy Assessment Process (ICAAP) and leads the preparation and execution of regular enterprise-wide stress tests. Further, it is responsible for the coordination and overall maintenance of the Group’s Recovery Plan.

Finally, Balance Sheet and Capital Planning is responsible for the measurement, monitoring and reporting of capital requirements and capital adequacy ratios of the Group.

During the first semester of 2019, Balance Sheet & Capital Planning has undertaken a number of strategic & functional risk initiatives. Indicatively:

- Risk Strategy
  - Balance sheet diagnostics and optimization initiatives
  - Risk & Capital Strategy: 2019 enhancements and action plan

- Capital Planning & Stress Testing
  - Implementation of ICAAP 2018 and update of ICAAP action plan
  - Stress testing and recovery planning enhancements

- Capital Calculation & Reporting
  - Expand capital management analytical and reporting framework
  - Contribute to the successful implementation of the RWA management initiatives
  - Enhance Pillar I & Pillar III policy and procedures

**Control | Function & Initiatives:**

Control is responsible for the identification, monitoring and assessment of all types of risks (credit, market, operational, liquidity, etc.) arising from the Bank's activities, through the development, implementation and evaluation of an adequate Internal Control System, in order to ensure the safe and efficient operations of the Bank and the achievement of its business objectives. Also, the unit is collaborating with Segment Controllers to accomplish its mission.

In addition, Control is responsible for the development and implementation of an effective operational risk management framework (policies, methodologies and procedures) based on the Group's Risk & Capital Strategy and the regulatory requirements.

Moreover, the unit is responsible for the development and implementation of the credit risk review and assessment of the Group's loan portfolio. More specifically, it systematically reviews and assesses credit exposures, limits and undertaken risks at borrower (or Group of borrowers) level as well as adherence to Credit Policy. Also, it reviews and monitors the credit process through sampling.

Furthermore, Control is responsible to perform independent evaluations of the Bank models in order to validate their adequacy, correctness and effectiveness. The scope includes, as a priority, the models relating to credit risk, capital adequacy, market risk, liquidity risk and operational risk as well as pricing.

During the first semester of 2019, Control has led/participated in a number of strategic & functional risk initiatives. Indicatively:

- Operational Risk & Control
  - Implementation of Internal Control System Enhancement Project (Majorca)
  - Enhancement of the operational risk management framework
  - Enhancement of operational risk loss collection
  - Operational risk & controls assessment
  - 2019 Annual Risk Control Self Assesment (“RCSA”) plan implementation

- Credit Control
  - Enhancement/extension of Credit Control perimeter
  - Enhancement of credit control framework & reporting
  - 2019 Annual Credit Control Plan Implementation

- Model Validation
  - Enhancement of model validation framework
  - 2019 Annual Model Validation Plan Implementation

**Analytics | Function & Initiatives:**

Analytics is responsible for undertaking end-to-end holistic analysis with a view to responding to challenges arising within the risk management framework. To that end, the unit employs accounting, financial engineering, product expertise, investigation, intelligence, technology, economics and deep industry skills, along with consistent proven global methodologies to help reduce unwarranted risk and commercial loss. Analytics also coordinates and monitors projects under the hospice of Group Risk Management and being responsible for risk management data and operations.

During the first semester of 2019, Analytics has led/participated in a number of strategic & functional risk initiatives. Indicatively:

- Forensics / Solutions
  - Review & optimization of NPV tool and its assumptions
  - Introducing Adjusted Return Tool ("ART") & Methodology in Shipping, Small Business, Agricultural and LGs portfolios
  - Enhancement of ART and link with budget, ytd performance and Risk Appetite Framework ("RAF") limits
  - Re-design and implementation of risk-reporting dashboard, using Business Intelligence tools and optimizing other reporting tools

- Group Risk PMO
  - Actively participate in the preparatory phase of forthcoming EBA 2020 Stress Test
  - Design and delivery of the risk culture survey

- Risk Data Office & Operations
  - Various initiative leading to improvements in risk data quality, operations and procedures
  - Active participation in data governance framework initiatives

**Estimates for the Development of Piraeus Group's Operations in the second semester of 2019**

The prospects of the Greek economy for the second semester of 2019 remain positive as the macroeconomic recovery is expected to accelerate from the subdued pace of the beginning of the year. Most international organizations and institutions are projecting Greece to achieve a GDP growth around 2.0% for 2019, driven by business investment, exports and private consumption.

However, challenges remain significant and downside risks exist as Greece's economic restoration is subject to the country's fiscal commitments and to the external political and economic developments.

Confidence to the Greek banking sector continues to improve, on the back of consistent NPE reduction, under a gradually improving and diversifying funding profile, with important milestones reached following the recent issuance by Piraeus Bank and another Greek systemic bank of Tier II bonds after many years and the return to profitability.

Asset quality remains the top priority for Greek banks where significant progress has been made in reducing the NPEs and additional initiatives are being pursued to reduce even further this stock, among which securitizations are expected to play a very important role. Apart from Greek banks' own efforts, further boost in the NPE reduction efforts is expected from the two system-wide proposals, currently under discussion. The Greek Asset Protection Scheme and the Bank of Greece Asset Management SPV Structure can work complementary to the banks' own NPE reduction plans, providing a wide range of flexibilities to the Greek banks, should they become available. Finally, critical to the success of the banks' NPE reduction plans is the recent revision of the personal bankruptcy law regarding primary residence. For Piraeus Bank specifically, the strategic partnership with Intrum is expected to enhance the Bank's NPE recovery prospects, facilitating the achievement and potential outperformance of the Bank's NPE reduction targets.

Piraeus Bank, in the context of its business planning, is concentrating on all potential and opportunities for recovery. The main targets for 2019 are: a) enhancement of revenue sources and operational efficiency to generate sustainable profitability b) improvement of asset quality, through the consistent delivery of the 2021 NPE plan, c) strengthening capital base, and d) expanding lending to support the country's economic recovery.

Further to organic capital generation budgeted for year 2019 and the recent successful issuance of Tier II debt, Piraeus Bank's management is working on a number of additional non-dilutive initiatives to strengthen its capital position.

On behalf of the Board of Directors

George Handjinicolaou

Chairman of the Board

29 August 2019

## ESMA´s ALTERNATIVE PERFORMANCE MEASURES (“APM”) AT GROUP LEVEL

| No | Performance Measure | Definition |
|---|---|---|
| 1 | **PPA adjustment** | Purchase price allocation adjustments (“PPA adjustments”) relating to the acquisition of the seven banks [i.e. former ATEbank, the Greek banking operations of Cypriot Banks in Greece (Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank), Millennium Bank S.A., Geniki Bank S.A. and Panellinia Bank S.A.] amounting to € 3.2 billion as at 30 June 2019, € 3.5 billion as at 31 December 2018 and € 4.6 billion as at 30 June 2018 |
| 2 | **Gross Loans before Expected Credit Loss (ECL) Allowance / Gross Loans** | Loans and advances to customers at amortised cost before expected credit loss (“ECL”) impairment on loans and advances to customers at amortised cost gross of PPA adjustments |
| 3 | **Net Loans** | Loans and advances to customers at amortized cost gross of PPA adjustments |
| 4 | **Deposits** | Amount due to credit institutions plus due to customers |
| 5 | **Net Loans to Deposits Ratio** | Net loans over deposits due to customers |
| 6 | **NPLs - Non Performing Loans** | Loans and advances to customers at amortised cost in arrears over 90 days past due gross of PPA adjustments |
| 7 | **NPEs - Non Performing Exposures** | On balance sheet credit exposures before ECL allowances for impairment losses on loans and advances to customers at amortised cost gross of PPA adjustments that are: (a) past due over 90 days; (b) impaired or those which the debtor is deemed as unlikely to pay (“UTP”) its obligations in full without liquidating collateral, regardless of the existence of any past due amount or the number of past due days; (c) forborne and still within the probation period under EBA rules; (d) subject to contagion from (a) under EBA rules |
| 8 | **Coverage Ratio of Loans in Arrears over 90 days (NPLs) by ECL allowance** | ECL allowances for impairment losses on loans and advances to customers at amortised cost gross of PPA adjustments over NPLs |
| 9 | **NPE Coverage Ratio by ECL allowance** | ECL allowances for impairment losses on loans and advances to customers at amortised cost gross of PPA adjustments over NPEs |
| 10 | **Net Result Attributable to Shareholders from Continuing Operations** | Profit / (loss) for the period attributable to equity shareholders of the Bank |

| | | |
|---|---|---|
| 11 | **Cumulative Provisions** | Accumulated ECL allowance for impairment losses on loans and advances to customers at amortised cost gross of PPA adjustment |
| 12 | **Cumulative Provisions over Loans** | Accumulated ECL allowance for impairment losses on loans and advances to customers at amortised cost gross of PPA adjustment over gross loans |
| 13 | **ECL Impairment loss on Loans** | ECL Impairment losses on loans and advances to customers at amortised cost |
| 14 | **Pre Provision Income** | Profit before provisions, impairment and income tax |
| 15 | **Pre Tax Results** | Profit / (loss) before income tax |
| 16 | **Liquidity Coverage Ratio (LCR)** | Liquidity Coverage Ratio is the amount of sufficient liquidity buffer for a bank to survive a significant stress scenario lasting one month |
| 17 | **Balance sheet** | Statement of Financial Position |
| 18 | **Profit and Loss** | Income Statement |
| 19 | **Financial Assets** | The sum of: financial assets at FVTPL, financial assets mandatorily at FVTPL, financial assets at FVTOCI, Debt securities at amortised cost. |
| 20 | **Other Assets** | Total assets minus net loans minus Financial Assets as presented in item 19 above |
| 21 | **Other Liabilities** | Total liabilities minus deposits |
| 22 | **Other Income** | The sum of: Dividend income, Net (gain/losses) from financial instruments measured at FVTPL, Results from the disposal of participation of subsidiaries and associates, Net gain/(losses) from financial instruments measured at FVTOCI, Net other income/(expenses) |
| 23 | **Discontinued Operations Result** | Profit/ (loss) after income tax from discontinued operations |
| 24 | **Pro-forma Total Capital Adequacy Ratio** | Total capital adequacy ratio taking into account the positive effect of risk weighted assets (RWA) release from the sale of NPE portfolios classified as held for sale as at 30 June 2019 as well as the interim profit for 2019 |

The Board of Directors' Report contains financial information and measures as derived from the Group and the Bank's Interim Financial Statements for the periods ended 30 June 2019 and 30 June 2018 which have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" or the Annual Financial Statements for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), as endorsed by the EU. Additionally, it contains financial data which is compiled as a normal part of our Financial Statement

Closing Process and management information systems. For instance, financial items are categorized as foreign or domestic on the basis of the jurisdiction of organization of the individual Group entity whose separate financial statements record such items.

Moreover, it contains references to certain measures which are not defined under the IFRSs. These measures are non-IFRS financial measures. A non-IFRS financial measure is a measure that measures historical or future financial performance, financial position or cash flows but which excludes or includes amounts that would not be so adjusted in the most comparable IFRS measure. Management believes that the non-IFRS financial measures used, presents a more meaningful analysis of the Group's financial condition and results of operations. However, the non-IFRS financial measures presented are not a substitute for IFRS measures.

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**TRUE TRANSLATION**

# Independent Auditor's Review Report

To the shareholders of "Piraeus Bank S.A."

## Review Report on Interim Financial Statements

### Introduction

We have reviewed the accompanying separate and consolidated interim statement of financial position of the Bank and the Group of "Piraeus Bank S.A." (the "Group") as of 30 June 2019 and the related separate and consolidated interim statements of income, total comprehensive income, changes in equity and cash flows for the six month period then ended, as well as the selective explanatory notes, which together comprise the six month interim financial statements and which represent an integral part of the six month financial report provided under Law 3556/2007.

Management is responsible for the preparation and presentation of these interim financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union and applicable to Interim Financial Reporting (International Accounting Standard "IAS" 34). Our responsibility is to express a conclusion on this separate and consolidated interim financial statements based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as transposed in Greek legislation, and consequently it 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 financial statements are not prepared, in all material respects, in accordance with IAS 34.

## Report on Other Legal and Regulatory Requirements

Our review has not revealed any material inconsistency or error in the Statements of the Board of Directors and in the information included in the Board of Directors' Interim Report provided under articles 5 and 5a of Law 3556/2007 when compared to the accompanying interim financial statements.

Athens, 29 August 2019

The Certified Public Accountant

**Dimitris Koutsos- Koutsopoulos**
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| € Million | Note | Group | | Bank | |
|---|---|---|---|---|---|
| | | 6 month period ended | | 6 month period ended | |
| | | 30/6/2019 | 30/6/2018 As restated | 30/6/2019 | 30/6/2018 As restated |
| **CONTINUING OPERATIONS** | | | | | |
| Interest and similar income | | 927 | 954 | 915 | 943 |
| Interest expense and similar charges | | (208) | (248) | (209) | (251) |
| **NET INTEREST INCOME** | | **719** | **706** | **706** | **693** |
| Fee and commission income | 6 | 188 | 180 | 161 | 150 |
| Fee and commission expense | 6 | (42) | (42) | (36) | (42) |
| **NET FEE AND COMMISSION INCOME** | | **146** | **139** | **125** | **108** |
| Dividend income | | 1 | 7 | 1 | 6 |
| Net gain/ (losses) from financial instruments measured at fair value through profit or loss | | 13 | 24 | 14 | 20 |
| Results from the disposal of participation of subsidiaries and associates | | (4) | (19) | 1 | (26) |
| Net gain/ (losses) from financial instruments measured at fair value through other comprehensive income | | 2 | 17 | 2 | 17 |
| Net other income/ (expenses) | | 17 | 34 | (5) | 1 |
| **TOTAL NET INCOME** | | **893** | **906** | **843** | **820** |
| Staff costs | 7 | (259) | (384) | (246) | (363) |
| Administrative expenses | | (174) | (208) | (163) | (198) |
| Depreciation and amortisation | | (61) | (52) | (59) | (47) |
| Net gain/ (losses) from sale of property and equipment and intangible assets | | 2 | (2) | 2 | (2) |
| **TOTAL OPERATING EXPENSES BEFORE PROVISIONS** | | **(492)** | **(646)** | **(467)** | **(611)** |
| **PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX** | | **402** | **260** | **376** | **209** |
| ECL Impairment losses on loans and advances to customers at amortised cost | 13 | (332) | (245) | (340) | (270) |
| Impairment (losses)/releases on other assets | | (5) | (20) | 4 | (17) |
| ECL Impairment (losses)/ releases on financial assets at fair value through other comprehensive income | | 10 | 7 | 10 | 7 |
| Impairment on investment securities and participations | | - | (50) | (1) | (83) |
| Impairment of property and equipment and intangible assets | | (5) | (4) | (4) | (4) |
| Other impairment (losses)/ releases | | (1) | 0 | (1) | (0) |
| Other provision releases/ (charges) | | 0 | 11 | 1 | 13 |
| Share of profit/ (loss) of associates and joint ventures | | (11) | (24) | - | - |
| **PROFIT/ (LOSS) BEFORE INCOME TAX** | | **57** | **(64)** | **45** | **(145)** |
| Income tax benefit/ (expense) | 9 | (25) | 6 | (15) | 21 |
| **PROFIT/ (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS** | | **32** | **(58)** | **30** | **(124)** |
| **DISCONTINUED OPERATIONS** | | | | | |
| Profit/ (loss) after income tax from discontinued operations | 8 | 7 | (313) | - | - |
| **PROFIT/ (LOSS) FOR THE PERIOD** | | **38** | **(370)** | **30** | **(124)** |
| **From continuing operations** | | | | | |
| Profit/ (loss) attributable to equity holders of the Bank | | 34 | (55) | - | - |
| Non controlling interest | | (2) | (3) | - | - |
| **From discontinued operations** | | | | | |
| Profit/ (loss) attributable to equity holders of the Bank | | 7 | (312) | - | - |
| Non controlling interest | | 0 | (1) | - | - |
| Earnings/ (losses) per share attributable to equity holders of the Bank (in €): | | | | | |
| From continuing operations | | | | | |
| - Basic | 11 | 0.08 | (0.12) | - | - |
| - Diluted | 11 | 0.04 | (0.12) | - | - |
| From discontinued operations | | | | | |
| - Basic | 11 | 0.02 | (0.71) | - | - |
| - Diluted | 11 | 0.01 | (0.71) | - | - |

| € Million | Note | Group | | Bank | |
|---|---|---|---|---|---|
| | | 6 month period ended | | 6 month period ended | |
| | | 30/6/2019 | 30/6/2018 | 30/6/2019 | 30/6/2018 |
| **CONTINUING OPERATIONS** | | | | | |
| **Profit/ (loss) for the period (A)** | | **32** | **(58)** | **30** | **(124)** |
| **Other comprehensive income, net of tax:** | | | | | |
| **Items that may be reclassified subsequently to profit or loss** | | | | | |
| Change in reserve from financial assets measured at FVTOCI | 12 | 72 | (26) | 72 | (26) |
| Change in currency translation reserve | 12 | 4 | 5 | 0 | - |
| **Items that will not be reclassified subsequently to profit or loss** | | | | | |
| Change in reserve from financial assets measured at FVTOCI | 12 | 21 | 4 | 19 | 4 |
| Change in reserve of defined benefit obligations | 12 | 0 | (0) | 0 | - |
| **Other comprehensive income/ (expense), net of tax (B)** | 12 | **97** | **(18)** | **91** | **(22)** |
| **Total comprehensive income/ (expense), net of tax (A)+(B)** | | **129** | **(75)** | **121** | **(146)** |
| - Attributable to equity shareholders of the parent entity | | 131 | (72) | - | - |
| - Non controlling interest | | (2) | (3) | - | - |
| **DISCONTINUED OPERATIONS** | | | | | |
| **Profit/ (loss) for the period (C)** | | **7** | **(313)** | **0** | **0** |
| **Other comprehensive income, net of tax:** | | | | | |
| **Items that may be reclassified subsequently to profit or loss** | | | | | |
| Change in reserve from financial assets measured at FVTOCI | 12 | (4) | 0 | - | - |
| Change in currency translation reserve | 12 | (4) | 145 | - | - |
| **Items that will not be reclassified subsequently to profit loss** | | | | | |
| Change in reserve from financial assets measured at FVTOCI | 12 | (1) | 0 | - | - |
| Change in reserve of defined benefit obligations | 12 | (0) | (0) | - | - |
| **Other comprehensive income/ (expense), net of tax (D)** | 12 | **(9)** | **145** | **0** | **0** |
| **Total comprehensive income/ (expense), net of tax (C)+(D)** | | **(2)** | **(168)** | **0** | **0** |
| - Attributable to equity shareholders of the parent entity | | (2) | (167) | - | - |
| - Non controlling interest | | (0) | (1) | - | - |

| € Million | Note | Group 3 month period ended 30/6/2019 | Group 3 month period ended 30/6/2018 As restated | Bank 3 month period ended 30/6/2019 | Bank 3 month period ended 30/6/2018 As restated |
|---|---|---|---|---|---|
| **CONTINUING OPERATIONS** | | | | | |
| Interest and similar income | | 461 | 476 | 454 | 468 |
| Interest expense and similar charges | | (102) | (124) | (102) | (125) |
| **NET INTEREST INCOME** | | **359** | **352** | **352** | **343** |
| Fee and commission income | 6 | 100 | 92 | 85 | 77 |
| Fee and commission expense | 6 | (23) | (23) | (19) | (23) |
| **NET FEE AND COMMISSION INCOME** | | **77** | **70** | **66** | **54** |
| Dividend income | | 0 | 7 | 0 | 6 |
| Net gain/ (losses) from financial instruments measured at fair value through profit or loss | | 9 | 25 | 8 | 25 |
| Results from the disposal of participation of subsidiaries and associates | | (4) | (24) | 1 | (30) |
| Net gain/ (losses) from financial instruments measured at fair value through other comprehensive income | | 1 | 7 | 1 | 7 |
| Net other income/ (expenses) | | 7 | 21 | (5) | (1) |
| **TOTAL NET INCOME** | | **449** | **458** | **423** | **404** |
| Staff costs | 7 | (139) | (125) | (133) | (114) |
| Administrative expenses | | (94) | (110) | (88) | (104) |
| Depreciation and amortisation | | (30) | (25) | (29) | (23) |
| Net gain/ (losses) from sale of property and equipment and intangible assets | | 2 | (2) | 2 | (2) |
| **TOTAL OPERATING EXPENSES BEFORE PROVISIONS** | | **(261)** | **(262)** | **(248)** | **(244)** |
| **PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX** | | **188** | **196** | **174** | **160** |
| ECL Impairment losses on loans and advances to customers at amortised cost | 13 | (146) | (82) | (149) | (89) |
| Impairment (losses)/releases on other assets | | (4) | (9) | 4 | (9) |
| ECL Impairment (losses)/ releases on financial assets at fair value through other comprehensive income | | 0 | (8) | 0 | (8) |
| Impairment on investment securities and participations | | - | (32) | (1) | (83) |
| Impairment of property and equipment and intangible assets | | (4) | (3) | (3) | (3) |
| Other impairment (losses)/ releases | | (0) | 0 | (0) | (0) |
| Other provision releases/ (charges) | | 1 | 5 | 2 | 5 |
| Share of profit/ (loss) of associates and joint ventures | | (0) | (16) | - | - |
| **PROFIT/ (LOSS) BEFORE INCOME TAX** | | **34** | **51** | **27** | **(27)** |
| Income tax benefit/ (expense) | 9 | (16) | (29) | (10) | (17) |
| **PROFIT/ (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS** | | **18** | **22** | **17** | **(44)** |
| **DISCONTINUED OPERATIONS** | | | | | |
| Profit/ (loss) after income tax from discontinued operations | 8 | 1 | (310) | - | - |
| **PROFIT/ (LOSS) FOR THE PERIOD** | | **19** | **(287)** | **17** | **(44)** |
| **From continuing operations** | | | | | |
| Profit/ (loss) attributable to equity holders of the Bank | | 20 | 24 | - | - |
| Non controlling interest | | (2) | (2) | - | - |
| **From discontinued operations** | | | | | |
| Profit/ (loss) attributable to equity holders of the Bank | | 1 | (309) | - | - |
| Non controlling interest | | (0) | (1) | - | - |
| Earnings/ (losses) per share attributable to equity holders of the Bank (in €): | | | | | |
| From continuing operations | | | | | |
| - Basic | 11 | 0.05 | 0.05 | - | - |
| - Diluted | 11 | 0.02 | 0.05 | - | - |
| From discontinued operations | | | | | |
| - Basic | 11 | 0.00 | (0.71) | - | - |
| - Diluted | 11 | 0.00 | (0.71) | - | - |

| € Million | Group | | Bank | |
|---|---|---|---|---|
| | 3 month period ended | | 3 month period ended | |
| | 30/6/2019 | 30/6/2018 | 30/6/2019 | 30/6/2018 |
| **CONTINUING OPERATIONS** | | | | |
| **Profit/ (loss) for the period (A)** | **18** | **22** | **17** | **(44)** |
| **Other comprehensive income, net of tax:** | | | | |
| **Items that may be reclassified subsequently to profit or loss** | | | | |
| Change in reserve from financial assets measured at FVTOCI | 56 | 7 | 56 | 6 |
| Change in currency translation reserve | 1 | 3 | - | - |
| **Items that will not be reclassified subsequently to profit or loss** | | | | |
| Change in reserve from financial assets measured at FVTOCI | 4 | 1 | 3 | 1 |
| Change in reserve of defined benefit obligations | (0) | 0 | - | - |
| **Other comprehensive income/ (expense), net of tax (B)** | **61** | **11** | **59** | **7** |
| **Total comprehensive income/ (expense), net of tax (A)+(B)** | **79** | **33** | **76** | **(37)** |
| - Attributable to equity shareholders of the parent entity | 81 | 35 | - | - |
| - Non controlling interest | (2) | (2) | - | - |
| **DISCONTINUED OPERATIONS** | | | | |
| **Profit/ (loss) for the period (C)** | **1** | **(310)** | **0** | **0** |
| **Other comprehensive income, net of tax:** | | | | |
| **Items that may be reclassified subsequently to profit or loss** | | | | |
| Change in reserve from financial assets measured at FVTOCI | (0) | (1) | - | - |
| Change in currency translation reserve | (0) | 143 | - | - |
| **Items that will not be reclassified subsequently to profit loss** | | | | |
| Change in reserve from financial assets measured at FVTOCI | (1) | 0 | - | - |
| Change in reserve of defined benefit obligations | (0) | (0) | - | - |
| **Other comprehensive income/ (expense), net of tax (D)** | **(2)** | **143** | **0** | **0** |
| **Total comprehensive income/ (expense), net of tax (C)+(D)** | **(0)** | **(167)** | **0** | **0** |
| - Attributable to equity shareholders of the parent entity | (0) | (166) | - | - |
| - Non controlling interest | (0) | (1) | - | - |

| € Million | Note | Group | | Bank | |
|---|---|---|---|---|---|
| | | 30/6/2019 | 31/12/2018 | 30/6/2019 | 31/12/2018 |
| **ASSETS** | | | | | |
| Cash and balances with Central Banks | | 2,195 | 2,572 | 2,175 | 2,548 |
| Loans and advances to credit institutions | | 1,218 | 1,120 | 1,084 | 1,130 |
| Financial assets at fair value through profit or loss | | 249 | 382 | 232 | 372 |
| Financial assets mandatorily at fair value through profit or loss | | 127 | 110 | 127 | 110 |
| Derivative financial instruments - assets | | 523 | 378 | 526 | 380 |
| Reverse repos with customers | | 94 | 103 | 94 | 103 |
| Loans and advances to customers at amortised cost | 13 | 38,176 | 39,757 | 39,089 | 40,557 |
| Loans and advances to customers mandatorily at FVTPL | | 73 | 84 | 73 | 84 |
| Financial assets at fair value through other comprehensive income | | 2,231 | 2,270 | 2,229 | 2,262 |
| Debt securities at amortised cost | 14 | 1,222 | 208 | 1,222 | 208 |
| Assets held for sale | | 256 | 307 | 251 | 428 |
| Investment property | | 1,126 | 1,079 | 442 | 418 |
| Investments in subsidiaries | | - | - | 604 | 602 |
| Investments in associated undertakings and joint ventures | 15 | 163 | 162 | 179 | 179 |
| Property and equipment | | 1,062 | 1,010 | 1,001 | 877 |
| Intangible assets | | 296 | 292 | 257 | 252 |
| Current tax assets | 10 | 201 | 221 | 200 | 218 |
| Deferred tax assets | | 6,586 | 6,647 | 6,543 | 6,600 |
| Other assets | | 3,332 | 3,458 | 2,971 | 3,092 |
| Assets from discontinued operations | 8 | 107 | 1,721 | - | - |
| **TOTAL ASSETS** | | **59,238** | **61,880** | **59,299** | **60,420** |
| **LIABILITIES** | | | | | |
| Due to credit institutions | 16 | 3,716 | 5,548 | 3,709 | 5,862 |
| Due to customers | 17 | 44,890 | 44,739 | 45,114 | 44,919 |
| Liabilities at fair value through profit or loss | | 86 | 62 | 86 | 62 |
| Derivative financial instruments - liabilities | | 562 | 413 | 562 | 413 |
| Debt securities in issue | 18 | 522 | 528 | 522 | 528 |
| Other borrowed funds | 19 | 395 | - | 395 | - |
| Current income tax liabilities | | 5 | 2 | - | - |
| Deferred tax liabilities | | 33 | 32 | - | - |
| Retirement benefit obligations | | 129 | 192 | 125 | 187 |
| Other provisions | | 176 | 168 | 168 | 160 |
| Other liabilities | | 1,056 | 885 | 943 | 736 |
| Liabilities from discontinued operations | 8 | 17 | 1,804 | - | - |
| **TOTAL LIABILITIES** | | **51,587** | **54,374** | **51,624** | **52,866** |
| **EQUITY** | | | | | |
| Share capital (ordinary shares) | 22 | 2,620 | 2,620 | 2,620 | 2,620 |
| Share premium | 22 | 13,075 | 13,075 | 13,075 | 13,075 |
| Contingent convertible bonds | 22 | 2,040 | 2,040 | 2,040 | 2,040 |
| Less: Treasury shares | 22 | (1) | (1) | - | - |
| Other reserves | 23 | 227 | 155 | 254 | 163 |
| Retained earnings | 23 | (10,425) | (10,499) | (10,313) | (10,343) |
| **Capital and reserves attributable to equity holders of the parent entity** | | **7,535** | **7,390** | **7,675** | **7,554** |
| Non controlling interest | | 116 | 116 | - | - |
| **TOTAL EQUITY** | | **7,651** | **7,506** | **7,675** | **7,554** |
| **TOTAL LIABILITIES AND EQUITY** | | **59,238** | **61,880** | **59,299** | **60,420** |

| Group<br>€ Million | Note | Attributable to equity shareholders of the parent entity | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Share Capital | Share Premium | Contingent Convertible Bonds | Treasury shares | Other reserves | Retained earnings | Total | Non controlling interest | Total |
| **Opening balance as at 1/1/2018 based on final IFRS 9 FTA** | | **2,620** | **13,075** | **2,040** | **(0)** | **51** | **(10,308)** | **7,477** | **126** | **7,602** |
| Other comprehensive income, net of tax | 12 | - | - | - | - | 127 | - | 127 | 0 | 127 |
| Profit/ (loss) after tax for the period 1/1 - 30/6/2018 | 23 | - | - | - | - | - | (366) | (366) | (4) | (370) |
| **Total comprehensive income/ (expense) for the period 1/1 - 30/6/2018** | | **0** | **0** | **0** | **0** | **127** | **(366)** | **(239)** | **(4)** | **(243)** |
| (Purchases)/ sales of treasury shares | 22, 23 | - | - | - | (1) | - | (0) | (1) | - | (1) |
| Transfer between other reserves and retained earnings | 23 | - | - | - | - | 1 | (1) | - | - | 0 |
| Recycling of the accumulated reserve from financial assets measured at FVTOCI | 23 | - | - | - | - | - | 0 | 0 | - | 0 |
| Disposals and movements in participating interests | 23 | - | - | - | - | (5) | (6) | (11) | (0) | (11) |
| **Balance as at 30/6/2018** | | **2,620** | **13,075** | **2,040** | **(2)** | **174** | **(10,682)** | **7,225** | **122** | **7,347** |
| | | | | | | | | | | |
| **Opening balance as at 1/7/2018** | | **2,620** | **13,075** | **2,040** | **(2)** | **174** | **(10,682)** | **7,225** | **122** | **7,347** |
| Other comprehensive income, net of tax | | - | - | - | - | (0) | - | (0) | (0) | (0) |
| Profit/ (loss) after tax for the period 1/7-31/12/2018 | 23 | - | - | - | - | - | 208 | 208 | (8) | 200 |
| **Total comprehensive income/ (expense) for the period 1/7-31/12/2018** | | **0** | **0** | **0** | **0** | **(0)** | **208** | **208** | **(8)** | **199** |
| (Purchases)/ sales of treasury shares | 22, 23 | - | - | - | 1 | - | (0) | 1 | - | 1 |
| Transfer between other reserves and retained earnings | 23 | - | - | - | - | (12) | 12 | - | - | 0 |
| Recycling of the accumulated reserve from financial assets measured at FVTOCI | 23 | - | - | - | - | - | (32) | (32) | - | (32) |
| Disposals and movements in participating interests | 23 | - | - | - | - | (7) | (5) | (11) | 2 | (9) |
| **Balance as at 31/12/2018** | | **2,620** | **13,075** | **2,040** | **(0)** | **155** | **(10,499)** | **7,390** | **116** | **7,506** |
| | | | | | | | | | | |
| **Opening balance as at 1/1/2019** | | **2,620** | **13,075** | **2,040** | **(0)** | **155** | **(10,499)** | **7,390** | **116** | **7,506** |
| Other comprehensive income, net of tax | 12 | - | - | - | - | 88 | - | 88 | (0) | 88 |
| Profit/ (loss) after tax for the period 1/1 - 30/6/2019 | 23 | - | - | - | - | - | 41 | 41 | (2) | 38 |
| **Total comprehensive income/ (expense) for the period 1/1 - 30/6/2019** | | **0** | **0** | **0** | **0** | **88** | **41** | **129** | **(3)** | **126** |
| (Purchases)/ sales of treasury shares | 22, 23 | - | - | - | (0) | - | 0 | (0) | - | (0) |
| Transfer between other reserves and retained earnings | 23 | - | - | - | - | 2 | (2) | - | - | 0 |
| Recycling of the accumulated reserve from financial assets measured at FVTOCI | 23 | - | - | - | - | - | 2 | 2 | - | 2 |
| Disposals and movements in participating interests | 23 | - | - | - | - | (18) | 33 | 15 | 3 | 17 |
| **Balance as at 30/6/2019** | | **2,620** | **13,075** | **2,040** | **(1)** | **227** | **(10,425)** | **7,535** | **116** | **7,651** |

| Bank<br>€ Million | Note | Share Capital | Share Premium | Contingent Convertible bonds | Other reserves | Retained earnings | Total |
|---|---|---|---|---|---|---|---|
| **Opening balance as at 1/1/2018 based on final IFRS 9 FTA** | | **2,620** | **13,075** | **2,040** | **186** | **(10,362)** | **7,558** |
| Other comprehensive income, net of tax | 12 | - | - | - | (22) | - | (22) |
| Profit/ (loss) after tax for the period 1/1 - 30/6/2018 | 23 | - | - | - | - | (124) | (124) |
| **Total comprehensive income/ (expense) for the period 1/1 - 30/6/2018** | | **0** | **0** | **0** | **(22)** | **(124)** | **(146)** |
| Recycling of the accumulated reserve from financial assets measured at FVTOCI | 23 | - | - | - | - | 0 | 0 |
| **Balance as at 30/6/2018** | | **2,620** | **13,075** | **2,040** | **164** | **(10,486)** | **7,413** |
| **Opening balance as at 1/7/2018** | | **2,620** | **13,075** | **2,040** | **164** | **(10,486)** | **7,413** |
| Other comprehensive income, net of tax | | - | - | - | (1) | - | (1) |
| Profit/ (loss) after tax for the period 1/7-31/12/2018 | 23 | - | - | - | - | 175 | 175 |
| **Total comprehensive income/ (expense) for the period 1/7-31/12/2018** | | **0** | **0** | **0** | **(1)** | **175** | **174** |
| Recycling of the accumulated reserve from financial assets measured at FVTOCI | 23 | - | - | - | - | (32) | (32) |
| **Balance as at 31/12/2018** | | **2,620** | **13,075** | **2,040** | **163** | **(10,343)** | **7,554** |
| **Opening balance as at 1/1/2019** | | **2,620** | **13,075** | **2,040** | **163** | **(10,343)** | **7,554** |
| Other comprehensive income, net of tax | 12 | - | - | - | 91 | - | 91 |
| Profit/ (loss) after tax for the period 1/1 - 30/6/2019 | 23 | - | - | - | - | 30 | 30 |
| **Total comprehensive income/ (expense) for the period 1/1 - 30/6/2019** | | **0** | **0** | **0** | **91** | **30** | **121** |
| **Balance as at 30/6/2019** | | **2,620** | **13,075** | **2,040** | **254** | **(10,313)** | **7,675** |

| € Million | Group | | Bank | |
|---|---|---|---|---|
| | 6 month period ended | | 6 month period ended | |
| | 30/6/2019 | 30/6/2018 | 30/6/2019 | 30/6/2018 |
| *Cash flows from operating activities from continuing operations* | | | | |
| Profit/ (Loss) before tax | 57 | (64) | 45 | (145) |
| *Adjustments to profit/ loss before tax:* | | | | |
| *Add: provisions and impairment* | 334 | 300 | 332 | 354 |
| Add: depreciation and amortisation charge | 61 | 52 | 59 | 47 |
| Add: retirement benefits and cost of voluntary exit scheme | 19 | 139 | 19 | 133 |
| Net (gains)/losses from financial instruments measured at fair value through P&L | (0) | (9) | 0 | (10) |
| Net (gains)/losses from financial instruments measured at fair value through other comprehensive income | (2) | (17) | (2) | (17) |
| (Gains)/ losses from investing activities | 15 | 40 | 3 | 27 |
| *Cash flows from operating activities before changes in operating assets and liabilities* | 483 | 440 | 455 | 388 |
| *Changes in operating assets and liabilities:* | | | | |
| Net (increase)/ decrease in cash and balances with Central Banks | (297) | 196 | (296) | 196 |
| Net (increase)/ decrease in financial instruments at fair value through profit or loss | 144 | (694) | 149 | (696) |
| Net (increase)/ decrease in financial assets mandatorily at fair value through profit or loss | (5) | 4 | (5) | 4 |
| Net (increase)/ decrease in debt securities at amortised cost | (1,015) | - | (1,015) | - |
| Net (increase)/ decrease in loans and advances to credit institutions | (3) | 72 | (3) | 196 |
| Net (increase)/ decrease in loans and advances to customers | 1,288 | 2,168 | 1,164 | 2,080 |
| Net (increase)/ decrease in reverse repos with customers | 9 | (167) | 9 | (167) |
| Net (increase)/ decrease in other assets | 135 | (237) | 128 | (205) |
| Net increase/ (decrease) in amounts due to credit institutions | (2,173) | (5,893) | (2,152) | (6,003) |
| Net increase/ (decrease) in liabilities at fair value through profit or loss | 20 | 74 | 20 | 74 |
| Net increase/ (decrease) in amounts due to customers | 151 | 991 | 195 | 988 |
| Net increase/ (decrease) in other liabilities | (21) | (134) | (33) | (119) |
| *Net cash flow from operating activities before income tax payment* | (1,284) | (3,178) | (1,384) | (3,264) |
| Income tax paid | (0) | (0) | (0) | - |
| **Net cash inflow/ (outflow) from continuing operating activities** | **(1,284)** | **(3,178)** | **(1,385)** | **(3,264)** |
| *Cash flows from investing activities of continuing operations* | | | | |
| Purchases of property and equipment | (50) | (73) | (34) | (63) |
| Sales of property and equipment and intangible assets | 10 | 20 | 9 | 4 |
| Purchases of intangible assets | (8) | (14) | (8) | (13) |
| Purchases of assets held for sale | - | (0) | - | - |
| Sales of assets held for sale other than sales of subsidiaries | 38 | 0 | 33 | - |
| Purchases of financial assets at fair value through other comprehensive income | (1,157) | (416) | (1,151) | (416) |
| Disposals of financial assets at fair value through other comprehensive income | 1,236 | 1,041 | 1,223 | 1,037 |
| Acquisition and participation in share capital increases of subsidiaries | (92) | - | (3) | - |
| Sales of subsidiaries | 111 | 150 | 111 | 150 |
| Establishment and participation in share capital increases of associates and joint ventures | (3) | (29) | (1) | (29) |
| Sales of associates | 1 | 9 | 1 | 9 |
| Dividends received | 1 | 6 | 1 | 6 |
| **Net cash inflow/ (outflow) from continuing investing activities** | **86** | **695** | **181** | **685** |
| *Cash flows from financing activities of continuing operations* | | | | |
| Net proceeds from issue/ (repayment) of debt securities and other borrowed funds | 389 | 96 | 389 | 96 |
| Purchases/ sales of treasury shares and preemption rights | (0) | (1) | - | - |
| **Net cash inflow/ (outflow) from continuing financing activities** | **389** | **94** | **389** | **96** |
| Effect of exchange rate changes on cash and cash equivalents | 4 | (7) | 2 | (7) |
| **Net increase/ (decrease) in cash and cash equivalents from continuing activities (A)** | **(806)** | **(2,397)** | **(813)** | **(2,491)** |
| Net cash flows from discontinued operating activities | 99 | 219 | - | - |
| Net cash flows from discontinued investing activities | (348) | (297) | - | - |
| Net cash flows from discontinued financing activities | - | - | - | - |
| Exchange difference of cash and cash equivalents | (0) | (2) | - | - |
| **Net inease/ (decrease) in cash and cash equivalents from discontinued activities (B)** | **(249)** | **(80)** | **0** | **0** |
| **Cash and cash equivalents at the beginning of the period (C)** | **3,351** | **4,188** | **2,954** | **3,479** |
| **Cash and cash equivalents at the end of the period (A) + (B) + (C)** | **2,297** | **1,711** | **2,141** | **989** |

# 1 General information

Piraeus Bank S.A. ("Piraeus Bank" or the "Bank") was established in 1916 and its shares are registered and have been listed on the Athens Exchange Securities Market since 1918. The Bank is a credit institution operating in the form of a Société Anonyme under the direct supervision of the European Central Bank (ECB) and the Bank of Greece (BoG), in accordance with the provisions of Greek Laws 4261/2014 and 4548/2018, as in force and the applicable regulatory framework on the operation of credit institutions and listed companies. According to its codified Articles of Association, the Bank's business scope is all banking activities recognised or to be recognised by law.

It is noted that L.4548/2018 "Reform of the Law of Societes Anonymes" which is effective as of 1 January 2019, combined with the Greek Law 4601/2019 for Corporate Transformations replace the previously in force Greek Codified Corporate Law 2190/1920 for Societe Anonymes. The new L. 4548/2018 incorporates into Greek law, inter alia, the provisions of the Shareholders Rights Directive II (SRD II Directive) for the remuneration of the members of the Board of Directors, as well as the transactions with related parties.

The modifications in the legal framework governing the formation and operation of Societes Anonymes resulting from the implementation of the new law mainly concern the following sections:

- Incorporation of societe anonyme (legal formation documents, composition of name, corporate documents)
- Share capital (valuation of contribution in kind, minimum share capital required for company's formation, certification of initial capital contributions or capital increases)
- Securities issued by Societe Anonymes
- Board of Directors (composition and operation, responsibilities, faulty actions or omissions, remuneration policy, remuneration report)
- Related party transactions
- General Assembly Meeting (types of General Assembly Meetings, terms of participation, decision - making rules)
- Minority rights (eg. establishment of shareholders associations)
- Distribution of profits (distribution of minimum or interim dividend and optional reserves)

Considering the fact that the basic characteristics, the structure as well as the general operating principles of a Société Anonyme have not been altered despite the aforementioned legislative changes, the impact from the implementation of the new legal framework is not material for Piraeus Bank and its subsidiaries (hereinafter "the Group" as a whole).

Piraeus Bank is incorporated and domiciled in Greece. The address of its registered office is 4 Amerikis str., 105 64 Athens, General commercial registry number 225501000. The duration of the Bank lapses on 6/7/2099. The Group provides services in Southeastern and Western Europe. The Group employs, as of 30 June 2019, 13,514 people out of which 1,010 people refer to discontinued operations (IMITHEA S.A.). The Bank respectively employs 11,688 people.

Apart from the ATHEX General Index, Piraeus Bank's share is a constituent of other indices as well, such as FTSE/ATHEX (Large Cap, Banks), FTSE (Emerging Markets, Med 100, FTSE4Good), MSCI (Global SC,EMEA, Greece), Stoxx (All Europe TMI, Balkan) and S&P (Global, Greece BMI).

The Board of Directors on the approval date of the Interim Financial Statements for the period ended 30 June 2019 consists of the following members:

| | |
|---|---|
| George P. Handjinicolaou | Chairman of the BoD, Non-Executive Member |
| Karel G. De Boeck | Vice-Chairman of the BoD, Independent Non-Executive Member |
| Christos I. Megalou | Managing Director & CEO, Executive BoD Member |
| George G. Georgakopoulos | Executive BoD Member |
| Venetia G. Kontogouri | Independent Non-Executive BoD Member |
| Arne S. Berggren | Independent Non-Executive BoD Member |
| Enrico Tommaso C. Cucchiani | Independent Non-Executive BoD Member |
| David R. Hexter | Independent Non-Executive BoD Member |
| Solomon A. Berahas | Non-Executive BoD Member |
| Alexander Z. Blades | Non-Executive BoD Member |
| Per Anders J. Fasth | Non-Executive BoD Member, HFSF Representative under Law 3864/2010. |

According to the Bank's Codified Articles of Association and the current institutional framework, the members of the Bank's Board of Directors are elected by the General Meeting of Shareholders and may be re-elected. The Members of the Board of Directors have a term of three years, which may be extended until the first Ordinary General Meeting convened after such term has elapsed. It is noted that pursuant the Greek Law 3864/2010, a representative of the Hellenic Financial Stability Fund (HFSF) participates in the Board of Directors. Furthermore, if a member of the Board of Directors is replaced, then according to the Law and the Bank's Codified Articles of Association, the respective replacement applies solely to the remaining term of the member being replaced. Pursuant to the Annual General Shareholders’ Meeting Resolution as of 28 June 2017, the term of the Board of Directors expires on 28 June 2020, extended as mentioned above.

## 2 Summary of significant accounting policies

### 2.1 Basis of preparation

The Condensed Interim Consolidated Financial Statements as at end for the six-month period ended 30 June 2019 (the “Interim Financial Statements”) have been prepared in accordance with the International Accounting Standard 34 “Interim Financial Reporting”.

Those Interim Financial Statements include selected explanatory notes, and do not include all the information required for full annual financial statements. Therefore, the Interim Financial Statements should be read in conjunction with the Financial Statements included in the 2018 Annual Financial Report of the Group, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as endorsed by the European Union (the “EU”).

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim period, except for the adoption of IFRS 16 “Leases” which is effective as of 1 January 2019. For the amendment of the Group’s accounting policy on lease arrangements, please refer to Note 2.4. As permitted by the transitional provisions of IFRS 16, the Group and the Bank have elected not to restate the comparative period information, hence the respective accounting policy as set out in Note 2 of the Financial Statements included in the 2018 Annual Financial Report of the Group for the year ended 31 December 2018 applies to comparative periods.

The amounts are stated in Euro, rounded to the nearest million (unless otherwise stated) for ease of presentation. Any differences between the amounts presented in the primary financial statements and the relevant amounts presented in the accompanying notes, are due to roundings. Where necessary, comparative figures have been restated to conform to changes in current period’s presentation. The restatements did not have a material impact on the presentation of the primary statements, as presented in Note 27.

The Interim Financial Statements have been prepared under the historical cost convention, except for financial assets and financial liabilities held at fair value through profit or loss (“FVTPL”) or at fair value through other comprehensive income (“FVTOCI”) and all derivative financial instruments and investment property, which have been measured at fair value.

## 2.2 Going concern

Conclusion

Management has concluded that the Interim Financial Statements of the Group and the Bank have been appropriately prepared on a going concern basis for the six month period ended 30 June 2019 taking into account:

a) the significant positive developments of the Greek economy that took place during the recent years and the forecasts that point to the macroeconomic environment maintaining its growth momentum, especially the rebound of real estate prices and credit expansion,

b) the Group’s and the Bank’s improving liquidity position which is reflected in the stabilization of the loan to deposits ratio at satisfactory levels and the gradual restoration of the liquidity coverage ratio, including zero reliance on Emergency Liquidity Assistance “ELA” since July 2018, and diversified sources of funding,

c) the upward trend in the Group’s profitability and

d) the improved capital adequacy of the Group deriving from the issue of a subordinated Tier 2 note of nominal value € 400 million, on 26 June 2019, in conjunction with the Capital Strengthening Plan currently being executed.

Macroeconomic environment

In the first semester of 2019, the Greek economy, according to available indicators of economic activity, maintained its growth momentum, albeit at a slower pace, having entered in a period of positive growth rates, despite domestic challenges and the uncertainty prevailing in the international environment. Significant developments in 2018 consist the base of economic sentiment improvement, fiscal stability and a two-year growth momentum. Greece’s economic activity is expected to accelerate, although it is still subject to the ongoing economic and fiscal commitments under the Enhanced Surveillance framework.

With the completion of the European Stability Mechanism’s (“ESM's”) 3-year economic adjustment program in August 2018, Greece joined the economic and fiscal policy coordination cycle of the European Semester and is now scoped into the enhanced supervision of Regulation (EU) 472/2013. In the context of this framework, three reviews in November 2018, February 2019 and June 2019 were completed.

In April 2019, a new set of debt relief measures initially announced in June 2018 were implemented. More specifically, an additional deferral of interest and amortization by 10 years on € 96.4 billion of the European Financial Stability Facility ("EFSF") loans to Greece and the extension of the maximum weighted average maturity by 10 years to 42.5 years were applied. Debt repayment schedule now stretches up to 2070. In parallel, the use of Agreement on Net Financial Assets ("ANFA") and Securities Markets Programme ("SMP") profits, as well as, the abolition of the step-up interest rate margin related to EFSF loans were activated resulting to a total debt relief of € 970 million. Moreover, in April 2019, the Greek Ministry of Finance submitted a request for an early repayment of the IMF loans.

At the same time, since June 2018 a cash buffer has been built up in order to cover the Greek sovereign financial needs. In 2018, and at the beginning of 2019 Moody's, S&P and Fitch had gradually upgraded the Greek sovereign rating to "B1" (Stable Outlook), "B+" (Positive Outlook) and "BB-" (Stable Outlook) respectively. In January 2019, Greece returned to International debt markets with a € 2.5 billion five-year bond issuance at a 3.6% yield. Furthermore, in March 2019 and July 2019, Greece issued bonds of nominal value € 2.5 billion each, with a ten-year and seven year maturity respectively and a yield of 3.9% and 1.9% respectively, reflecting a solid environment, a necessary condition for the Greek economy to stay on a sustainable growth path.

In 2018, real Gross Domestic Product "GDP" sustaining the growth momentum of 2017 (+1.5%), increased by 1.9%. The Greek economy maintained its positive momentum in the first quarter of 2019 albeit at a slower pace, increasing by 1.3% on an annual basis. Exports of services, investments and private consumption had positive contribution to growth. At the same time in 2018, the steady improvement in the economic sentiment both in the business and consumers environment, drove the economic sentiment indicator ("ESI") to 102.1 points (annual average), the highest level compared to the last decade. The economic sentiment indicator still remains high (more than 100 points) during the Jan. - June 2019 period. Moreover, the unemployment rate fell to 19.3% in 2018 against 21.5% in 2017, with a 2.0% increase in employment on an annual basis. In the first quarter of 2019, the unemployment rate stood at 19.2% and the employment trend continued to rise to 2.4% on an annual basis. Moreover, in 2018 there was an 0.6% inflation (2017: 1.1%) and 0.5% respectively in the first semester of 2019, incorporating partially the changes in energy prices. Furthermore, in 2018, the tourism sector continued its positive momentum and during Jan. - June 2019 there is a 15.3% annual increase in travel receipts. Alongside tourism, a plethora of other economic activity indicators, such as industry, retail and wholesale trade, services and exports recorded positive trends in the last two years.

At the fiscal level, the general government surplus for 2018 is estimated at 1.1% of GDP and the primary surplus according to the Enhanced Surveillance definition, stood at 4.3% of GDP compared to a target of 3.5% of GDP, exceeding for the fourth consecutive year the targets of the program.

The course of the Greek economy and the possible return to a recessionary environment is the prime risk factor for the domestic banking sector in general and for Piraeus Bank in particular, while geopolitical developments in the wider region are an additional risk factor. To this end, adverse developments regarding growth, fiscal policy, unemployment and the course of real estate could potentially have a negative effect on the Bank's liquidity (i.e. stop attracting or losing deposits, reducing repo interbank transactions with third parties) and on the Bank's capital adequacy (i.e. impact on the quality of its loan portfolio and its profitability). Management closely monitors the developments and assesses periodically the impact that this might have on its operations and financial performance of the Group and the Bank.

Liquidity

As at 30 June 2019, the Group's deposits increased to € 44.9 billion from € 44.7 billion as at 31 December 2018 (+0.3%). During the first semester of 2019, the Group and the Bank's exposure to the Eurosystem decreased to € 1.0 billion from € 3.2 billion as at 31 December 2018 due to deleveraging of the Bank's loan portfolio. The Bank's ELA funding was fully repaid in July 2018 and remained nil as at 30 June 2019. On 31 August 2018, the Bank's € 10 billion Global Covered Bonds Programme has been assigned to Investment grade by the rating agency DBRS. The credit rating assignment resulted to significantly lower funding cost compared to the repo market, as the Bank has pledged as collateral to ECB's main refinancing operations part of the € 4.5 billion of covered bonds currently outstanding.

In its March and June 2019 meetings, the ECB announced a series of seven new quarterly TLTRO III auctions from September 2019 to March 2021, each with a maturity of two years and specified their terms. The Bank is awaiting to be provided with further details by BoG on the terms of participation, in order to assess and conclude on using of the TLTRO III facility.

Capital adequacy

The Group's Basel III Common Equity Tier 1 (CET-1) ratio as at 30 June 2019 stood at 13.89%. The total regulatory capital ratio, strengthened by circa 85 bp due to the issuance of € 400 million fixed rate subordinated Tier II note (the "Tier II Note") and stood at 14.73%. The Overall Capital Requirement ("OCR") ratio stands at 14.0% in 2019, as set by the SSM through the Supervisory Review and Evaluation Process ("SREP").

The capital-strengthening plan that the Bank has announced in 2018 aiming to restore its capital adequacy ratio above the applicable capital requirements and to accelerate its balance sheet de-risking process and its NPE deleveraging strategy is close to completion. Piraeus Bank's management is also working on a number of additional initiatives to further strengthen its capital position, creating buffers over and above the supervisory requirements.

More specifically, on 3 June 2019, Piraeus Bank and Intrum announced a long-term strategic partnership, establishing a market-leading servicer for non-performing assets in Greece. The purchase price consideration agreed with Intrum for acquiring an 80% shareholding of the Bank's RBU business is € 328 million, of which an amount of € 32 million is contingent on the future performance of the RBU Business within a 3-year time horizon. A provisional estimate of the favorable impact on the Group's and the Bank's Capital arising from the loss of control over the RBU business, assuming for conservative reasons that the contingent consideration is not eventually paid, is € 370 million before tax. The final impact of this transaction for the Group and the Bank depends on the fair value measurement, which is currently assessed by independent fair value specialists. The establishment of the servicing company is expected to be completed during the 4$^{th}$ quarter of 2019.

Please refer to Note 26 for further details on the Group's and the Bank's capital adequacy.

## 2.3 Adoption of International Financial Reporting Standards ("IFRSs")

The following new accounting standards, amendments to existing IFRSs and interpretations, have been issued by the International Accounting Standards Board ("IASB"), have been endorsed by the EU as of the date the Interim Financial Statements were issued and are effective from 1 January 2019.

**New Accounting Standards**

**IFRS 16 "Leases".** IFRS 16 has been issued in January 2016 and supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases – Incentives" and SIC-27 "Evaluating the Substance of Transactions

Involving the Legal Form of a Lease". IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective to ensure that lessees and lessors disclose relevant information in a manner that faithfully represents those transactions. The standard introduces a single lessee accounting model that requires recognition of a right-of-use of asset and a lease liability for all leases with a residual lease term higher than 12 months, unless the underlying asset is of low value. Lessor accounting remains substantially unchanged compared to IAS 17. Accounting treatment for the lessees requires that, upon a lease commencement the lessee recognizes a right-of-use asset and a relevant financial lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs, estimated cost for dismantling or restoring the asset to its initial condition and any payments less incentives before the commencement date. Subsequently, the right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment, except for the leased investment properties for which the recognized asset is measured at fair value. Respectively, at the commencement date, the lease liability is measured at the present value of the future lease payments, discounted using the rate implicit in the lease or, if this rate cannot be readily determined, the lessee's incremental borrowing rate (IBR). The right-of-use asset is initially measured at the amount of the lease liability.

The Group and the Bank have adopted IFRS 16 "Leases", which replaces IAS 17 "Leases", on a modified retrospective basis without restating the relevant comparatives as permitted by the transitional provisions of the standard. Therefore, the comparative information for 2018 is reported under IAS 17 and is not comparable to the information presented for the current period. Refer to Note 28 for more details on the impact of the first time adoption of IFRS 16 as at 1 January 2019.

**Amendments to Accounting Standards and Interpretations**

**IFRS 9 (Amendment) "Prepayment Features with Negative Compensation".** The amendment allows companies to measure symmetrical options which include prepayable features with negative compensation at amortised cost or at FVTOCI instead of at FVTPL.

**IFRIC 23 "Uncertainty over Income Tax Treatments".** The interpretation aims to reduce diversity in how companies recognise and measure a tax liability or a tax asset when there is uncertainty including taxable profit or tax loss, tax bases of assets and liabilities, unused tax losses, unused tax credits and tax rates.

**IAS 28 (Amendment) "Long-term interests in Associates and Joint Ventures".** The amendment clarifies that companies account for long-term interests in an associate company or a joint venture -to which the equity method is not applied- using the IFRS 9.

**IAS 19 (Amendment) "Employee benefits".** The amendment clarifies that if a plan amendment, curtailment or settlements occurs, it is mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. Furthermore, the amendment clarifies the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

**IFRS 3 (Amendment) "Business Combinations.** The amendment clarifies that when an entity obtains control of a business that is a joint operation, it remeasures previously held interest in that business.

**IFRS 11 (Amendment) "Joint Arrangements".** The amendment clarifies that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

**IAS 12 (Amendment) "Income taxes".** The amendment clarifies that all income tax consequences on dividends (i.e. distribution of profits) should be recognized when the transactions or events that generated distributable profits are recognized.

**IAS 23 (Amendment) "Borrowing costs".** The amendment clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

The Group and the Bank have adopted the aforementioned amendments and interpretations which did not have a material impact on the Interim Financial Statements.

## 2.4 Amendment to accounting policy due to adoption of IFRS 16

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees and removes the distinction between operating and finances leases. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the previous IAS 17 "Leases" – i.e. lessors continue to classify leases as finance or operating leases in their financial statements -.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease based on whether the lessee has the right to control the use of an identified asset for a period of time in exchange for a consideration.

Management applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019.

The lease liabilities are initially measured at the present value of the future lease payments discounted at the lessee's incremental borrowing rate. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

The cost of the RoU assets comprise:

a) the amount of the initial measurement of the lease liability, as described above;

b) any lease payments made less any lease incentives received;

c) any initial direct costs; and

d) an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Furthermore, the nature of expenses related to those leases is now changed because the Bank and the Group recognize a depreciation charge for the right-of-use assets on a straight-line basis and an interest expense on the lease liabilities.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (below € 5,000), the Group and the Bank recognize a lease expense on a straight-line basis as permitted by IFRS 16 using the relevant practical expedient. This expense is presented within "Administrative expenses" in the Income Statement.

Management, also adopted the practical expedient in cases of lease contracts with non–lease components, meaning that Management elected, by class of underlying asset, not to separate non-lease components from lease components, and instead accounts for each lease component and any associated non-lease components as a single lease component.

## 3 Critical accounting estimates and judgements

In preparing the Interim Financial Statements, the significant accounting estimates and judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were similar to those applied to the annual financial statements as at the year ended 31 December 2018.

## 4 Financial Risk Management

### 4.1 Fair values of financial instruments

#### 4.1.1 Financial instruments not measured at fair value

The following table summarises the fair values and the carrying amounts of those financial instruments which are not measured at fair value on a recurring basis and their fair value is materially different from their carrying amount.

| Group | Carrying Amount | | Fair Value | |
|---|---|---|---|---|
| Assets | 30/6/2019 | 31/12/2018 | 30/6/2019 | 31/12/2018 |
| Loans and advances to customers at amortised cost | 38,176 | 39,757 | 38,020 | 39,495 |
| Debt securities at amortised cost | 1,222 | 208 | 1,269 | 213 |

| Group | Carrying Amount | | Fair Value | |
|---|---|---|---|---|
| Liabilities | 30/6/2019 | 31/12/2018 | 30/6/2019 | 31/12/2018 |
| Debt securities in issue | 522 | 528 | 521 | 516 |

| Bank | Carrying Amount | | Fair Value | |
|---|---|---|---|---|
| Assets | 30/6/2019 | 31/12/2018 | 30/6/2019 | 31/12/2018 |
| Loans and advances to customers at amortised cost | 39,089 | 40,557 | 39,075 | 40,369 |
| Debt securities at amortised cost | 1,222 | 208 | 1,269 | 213 |

| Bank | Carrying Amount | | Fair Value | |
|---|---|---|---|---|
| Liabilities | 30/6/2019 | 31/12/2018 | 30/6/2019 | 31/12/2018 |
| Debt securities in issue | 522 | 528 | 521 | 516 |

The following methods and assumptions were used to estimate the fair values of the aforementioned financial instruments at 30 June 2019 and 31 December 2018.

**Loans and advances to customers at amortised cost:** Fair value is estimated using discounted cash flow models, taking into account yield curves and any adjustments for credit risk.

**Debt securities at amortised cost and debt securities in issue**: Fair value is estimated using market prices, or, if such is not available, using discount cash flow models based on current market interest rates offered for instruments with similar credit quality and duration.

### 4.1.2 Financial instruments measured at fair value

Fair value is the price that would be received to sell a financial asset or paid to transfer a liability in an orderly transaction between market participants, at the measurement date, under current market conditions.

IFRS 13 establishes a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value, as follows:

**Level 1** inputs comprise unadjusted quoted prices in active markets for identical assets and liabilities that the entity can assess at the measurement date. Level 1 assets and liabilities include debt and equity securities, as well as derivative contracts that are traded in an active market (i.e. futures and listed options). An active market is a market in which transactions for assets or liabilities take place with sufficient frequency and volume to providing information on an ongoing basis and are characterized by low bid/ask spreads.

**Level 2** inputs comprise other observable inputs not included within Level 1 of the fair value hierarchy. An input is observable if it is developed using market data, such as publicly available information about events or transactions, and reflects the assumptions that market participants would use when pricing the asset or liability. Level 2 assets and liabilities include over the counter (OTC) derivative contracts and securities whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

**Level 3** inputs comprise unobservable inputs, including the entity's own data which are adjusted, if necessary, to reflect the assumptions market participants would use in the circumstances. An input is unobservable if, in the absence of market data availability, it is developed using the best information available about the assumptions that market participants would use when pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques with inputs that require significant management judgment or estimation.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety, is determined on the basis of the lowest input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

The following tables present the fair value of the financial assets and liabilities measured at fair value on a recurring basis, by fair value hierarchy level, as at 30 June 2019 and 31 December 2018:

| Group | Fair value hierarchy | | | |
|---|---|---|---|---|
| **30/6/2019** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Assets** | | | | |
| Derivative financial instruments - assets | - | 518 | 4 | **523** |
| Financial instruments at FVTPL | 249 | 0 | 0 | **249** |
| - Bonds | 181 | - | - | **181** |
| - Treasury bills | 54 | - | - | **54** |
| - Shares & other variable income securities | 15 | - | 0 | **15** |
| Financial assets mandatorily at FVTPL | 70 | 0 | 57 | **127** |
| - Bonds | - | - | 21 | **21** |
| - Shares & other variable income securities | 70 | - | 36 | **106** |
| Loans and advances to customers mandatorily at FVTPL | - | - | 73 | **73** |
| Financial assets at FVTOCI | 2,074 | 70 | 87 | **2,231** |
| - Bonds | 2,030 | - | - | **2,030** |
| - Shares | 44 | 70 | 87 | **202** |
| **Liabilities** | | | | |
| Derivative financial instruments - liabilities | - | 557 | 5 | **562** |
| Liabilities at FVTPL | 86 | - | - | **86** |

| Group | Fair value hierarchy | | | |
|---|---|---|---|---|
| **31/12/2018** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Assets** | | | | |
| Derivative financial instruments - assets | - | 372 | 6 | **378** |
| Financial instruments at FVTPL | 382 | 0 | 0 | **382** |
| - Bonds | 190 | - | - | **190** |
| - Treasury bills | 182 | - | - | **182** |
| - Shares & other variable income securities | 10 | - | 0 | **10** |
| Financial assets mandatorily at FVTPL | 59 | 0 | 52 | **110** |
| - Bonds | - | - | 16 | **16** |
| - Shares & other variable income securities | 59 | - | 36 | **94** |
| Loans and advances to customers mandatorily at FVTPL | - | - | 84 | **84** |
| Financial assets at FVTOCI | 2,137 | 51 | 81 | **2,270** |
| - Bonds | 2,097 | - | - | **2,097** |
| - Shares | 40 | 51 | 81 | **172** |
| **Liabilities** | | | | |
| Derivative financial instruments - liabilities | - | 413 | - | **413** |
| Liabilities at FVTPL | 62 | - | - | **62** |

| Bank | Fair value hierarchy | | | |
|---|---|---|---|---|
| **30/6/2019** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Assets** | | | | |
| Derivative financial instruments - assets | - | 518 | 8 | **526** |
| Financial instruments at FVTPL | 232 | 0 | 0 | **232** |
| - Bonds | 179 | - | - | **179** |
| - Treasury bills | 54 | - | - | **54** |
| Financial assets mandatorily at FVTPL | 70 | 0 | 57 | **127** |
| - Bonds | - | - | 21 | **21** |
| - Shares & other variable income securities | 70 | - | 36 | **106** |
| Loans and advances to customers mandatorily at FVTPL | - | - | 73 | **73** |
| Financial assets at FVTOCI | 2,071 | 70 | 88 | **2,229** |
| - Bonds | 2,027 | - | - | **2,027** |
| - Shares | 44 | 70 | 88 | **202** |
| **Liabilities** | | | | |
| Derivative financial instruments - liabilities | - | 557 | 5 | **562** |
| Liabilities at FVTPL | 86 | - | - | **86** |

| Bank | Fair value hierarchy | | | |
|---|---|---|---|---|
| **31/12/2018** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Assets** | | | | |
| Derivative financial instruments - assets | - | 372 | 8 | **380** |
| Financial instruments at FVTPL | 372 | 0 | 0 | **372** |
| - Bonds | 190 | - | - | **190** |
| - Treasury bills | 182 | - | - | **182** |
| Financial assets mandatorily at FVTPL | 59 | 0 | 52 | **110** |
| - Bonds | - | - | 16 | **16** |
| - Shares & other variable income securities | 59 | - | 36 | **94** |
| Loans and advances to customers mandatorily at FVTPL | - | - | 84 | **84** |
| Financial assets at FVTOCI | 2,133 | 51 | 79 | **2,262** |
| - Bonds | 2,093 | - | - | **2,093** |
| - Shares | 40 | 51 | 79 | **170** |
| **Liabilities** | | | | |
| Derivative financial instruments - liabilities | - | 413 | - | **413** |
| Liabilities at FVTPL | 62 | - | - | **62** |

There are no transfers of financial assets or financial liabilities between Level 1 and Level 2 during the period ended 30 June 2019 and the year ended 31 December 2018.

Transfers between levels are deemed to have occurred at the end of the reporting period in which the instruments were transferred.

The following tables present a reconciliation of all Level 3 fair value measurements for the Group and the Bank for the period ended 30 June 2019 and the movement of financial assets and liabilities measured at fair value within Level 3 as at 30 June 2019 and 31 December 2018:

| Group | Reconciliation of Level 3 fair value measurements | | | | |
|---|---|---|---|---|---|
| | Financial assets mandatorily at FVTPL | Loans and advances to customers mandatorily at FVTPL | Financial assets at FVTOCI | Derivative financial instruments - assets | Derivative financial instruments - liabilities |
| **Opening balance as at 1/1/2019** | **52** | **84** | **81** | **6** | **0** |
| Profit/ (loss) for the period | 6 | (2) | 2 | (1) | 5 |
| - Unrealised | 6 | (2) | - | (1) | 5 |
| - Realised | 0 | - | 2 | - | - |
| Other comprehensive income | - | - | 4 | - | - |
| Purchases | - | - | 5 | - | - |
| Disposals/ Settlements | (1) | (9) | (5) | - | - |
| **Closing Balance as at 30/6/2019** | **57** | **73** | **87** | **4** | **5** |

| Group | Reconciliation of Level 3 fair value measurements | | | | |
|---|---|---|---|---|---|
| | Financial assets mandatorily at FVTPL | Loans and advances to customers mandatorily at FVTPL | Financial assets at FVTOCI | Derivative financial instruments - assets | Derivative financial instruments - liabilities |
| **Opening balance as at 1/1/2018** | **63** | **107** | **116** | **4** | **25** |
| Profit/ (loss) for the period | (5) | (14) | (0) | 1 | (25) |
| - Unrealised | (6) | (14) | - | 1 | (25) |
| - Realised | 1 | - | (0) | - | - |
| Other comprehensive income | - | - | 24 | - | - |
| Purchases | - | - | 32 | - | - |
| Disposals/ Settlements | (1) | (0) | (89) | - | - |
| Transfer into Level 3 | 0 | - | - | - | - |
| Transfer to other assets | (5) | - | - | - | - |
| Transfer to discontinued operations | - | - | (1) | - | - |
| Transfer from loans and advances to customers at amortised cost | - | 0 | - | - | - |
| Transfer to Held for sale | - | (10) | - | - | - |
| **Closing Balance as at 31/12/2018** | **52** | **84** | **81** | **6** | **0** |

| Bank | Reconciliation of Level 3 fair value measurements | | | | |
|---|---|---|---|---|---|
| | Financial assets mandatorily at FVTPL | Loans and advances to customers mandatorily at FVTPL | Financial assets at FVTOCI | Derivative financial instruments - assets | Derivative financial instruments - liabilities |
| **Opening balance as at 1/1/2019** | **52** | **84** | **79** | **8** | **0** |
| Profit/ (loss) for the period | 6 | (2) | - | 0 | 5 |
| - Unrealised | 6 | (2) | - | 0 | 5 |
| - Realised | 0 | - | - | - | - |
| Other comprehensive income | - | - | 4 | - | - |
| Purchases | - | - | 5 | - | - |
| Disposals/ Settlements | (1) | (9) | - | - | - |
| **Closing Balance as at 30/6/2019** | **57** | **73** | **88** | **8** | **5** |

| Bank | Reconciliation of Level 3 fair value measurements | | | | |
|---|---|---|---|---|---|
| | Financial assets mandatorily at FVTPL | Loans and advances to customers mandatorily at FVTPL | Financial assets at FVTOCI | Derivative financial instruments - assets | Derivative financial instruments - liabilities |
| **Closing Balance as at 1/1/2018** | **63** | **107** | **111** | **4** | **25** |
| Profit/ (loss) for the period | (5) | (14) | - | 3 | (25) |
| - Unrealised | (6) | (14) | - | 3 | (25) |
| - Realised | 1 | - | - | - | - |
| Other comprehensive income | - | - | 24 | - | - |
| Purchases | - | - | 32 | - | - |
| Disposals/ Settlements | (1) | - | (89) | - | - |
| Transfer into Level 3 | 0 | - | - | - | - |
| Transfer to other assets | (5) | - | - | - | - |
| Transfer from loans and advances to customers at amortised cost | - | 0 | - | - | - |
| Transfer to Held for sale | - | (10) | - | - | - |
| **Closing Balance as at 31/12/2018** | **52** | **84** | **79** | **8** | **0** |

**Sensitivity of Level 3 fair value measurement to changes in unobservable inputs**

For Level 3 derivatives financial assets mandatorily measured at FVTPL and financial assets at FVTOCI the fair value measurement includes parameters which are not observable in the market e.g. the credit spread of the counterparty or the issuer, share price, historical volatility of the underlying share, net asset value etc. A reasonable movement in the aforementioned unobservable inputs would not have a significant effect on the fair value for the Group and the Bank.

### Fair value hierarchy for discontinued operations

| Group | Fair value hierarchy - discontinued operations | | | |
|---|---|---|---|---|
| 31/12/2018 | Level 1 | Level 2 | Level 3 | Total |
| **Assets** | | | | |
| Derivative financial instruments - assets | - | 0 | - | **0** |
| Financial assets at FVTOCI | **0** | **229** | **1** | **230** |
| - Bonds | - | 227 | - | **227** |
| - Shares & other variable income securities | 0 | 2 | 1 | **3** |
| | | | | |
| **Liabilities** | | | | |
| Derivative financial instruments - liabilities | - | 0 | - | **0** |

As at 30 June 2019, the Group's discontinued operations do not include any financial assets or financial liabilities measured at fair value on a recurring basis.

## 4.2 Credit Risk Management

### 4.2.1 Loans and advances to customers at amortised cost

The amounts of loans and advances to customers at amortised cost before ECL allowances for impairment on loans and advances to customers at amortised cost, as included in Note 13.1, have been reduced by the fair value adjustment, in the context of the purchase price allocation exercise of the operations acquired in the period between 2012 and 2015. Specifically, the remaining ECL allowance for impairment on loans and advances to customers at amortised cost of the Group and the Bank amounting to € 3.2 billion and € 3.1 billion respectively as at 30 June 2019 relating to former ATEbank, the Greek banking operations of Cypriot Banks in Greece (Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank), Millennium Bank S.A., Geniki Bank S.A. and Panellinia Bank S.A., which at their acquisition date by Piraeus Bank amounted to € 8.1 billion and € 7.9 billion for the Group and the Bank respectively, has increased the gross balance of loans and advances to customers at amortised cost and the ECL allowance for impairment on loans and advances to customers at amortised cost respectively in the tables below. As for purposes of credit risk monitoring in accordance with IFRS 7, the aforementioned adjustment is part of the ECL allowance for impairment on loans and advances to customers at amortised cost.

Loans and advances to customers at amortised cost are summarised as follows:

| Group - 30/6/2019 | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Credit impaired Lifetime ECL | POCI Credit impaired Lifetime ECL | Total |
|---|---|---|---|---|---|
| **Mortgages** | | | | | |
| Gross carrying amount | 5,612 | 2,128 | 3,773 | 2,665 | **14,179** |
| Less: ECL Allowance for impairment losses | (4) | (59) | (1,016) | (750) | **(1,829)** |
| **Total Mortgages** | **5,609** | **2,069** | **2,756** | **1,915** | **12,350** |
| **Consumer, Personal and Other loans** | | | | | |
| Gross carrying amount | 835 | 486 | 1,304 | 1,155 | **3,779** |
| Less: ECL Allowance for impairment losses | (30) | (71) | (817) | (719) | **(1,637)** |
| **Total Consumer, Personal and Other loans** | **805** | **415** | **486** | **436** | **2,142** |
| **Credit Cards** | | | | | |
| Gross carrying amount | 392 | 184 | 249 | 135 | **960** |
| Less: ECL Allowance for impairment losses | (2) | (8) | (202) | (115) | **(326)** |
| **Total Credit Cards** | **390** | **177** | **47** | **20** | **634** |
| **Retail Lending** | | | | | |
| Gross carrying amount | 6,840 | 2,798 | 5,325 | 3,955 | **18,918** |
| Less: ECL Allowance for impairment losses | (36) | (138) | (2,036) | (1,583) | **(3,793)** |
| **Total Retail Lending** | **6,804** | **2,660** | **3,290** | **2,372** | **15,125** |
| **Loans to Large Corporate** | | | | | |
| Gross carrying amount | 7,063 | 1,283 | 4,026 | 670 | **13,042** |
| Less: ECL Allowance for impairment losses | (62) | (85) | (1,977) | (333) | **(2,457)** |
| **Total Loans to Large Corporate** | **7,001** | **1,198** | **2,049** | **337** | **10,585** |
| **Loans to SMEs** | | | | | |
| Gross carrying amount | 4,110 | 1,748 | 9,311 | 3,439 | **18,607** |
| Less: ECL Allowance for impairment losses | (32) | (125) | (4,256) | (1,913) | **(6,326)** |
| **Total Loans to SMEs** | **4,078** | **1,623** | **5,054** | **1,526** | **12,281** |
| **Loans to Public Sector** | | | | | |
| Gross carrying amount | 173 | 1 | 13 | 3 | **189** |
| Less: ECL Allowance for impairment losses | (1) | (0) | (4) | (0) | **(5)** |
| **Total Loans to Public Sector** | **172** | **1** | **9** | **3** | **184** |
| **Corporate and Public Sector Lending** | | | | | |
| Gross carrying amount | 11,346 | 3,032 | 13,349 | 4,112 | **31,839** |
| Less: ECL Allowance for impairment losses | (96) | (209) | (6,237) | (2,246) | **(8,788)** |
| **Total Corporate and Public Sector Lending** | **11,250** | **2,823** | **7,112** | **1,866** | **23,051** |
| **Loans and advances to customers at amortised cost** | | | | | |
| Gross carrying amount | 18,185 | 5,830 | 18,674 | 8,067 | **50,757** |
| Less: ECL Allowance for impairment losses | (132) | (347) | (8,273) | (3,829) | **(12,581)** |
| **Total Loans and advances to customers at amortised cost** | **18,054** | **5,483** | **10,401** | **4,238** | **38,176** |

| Group - 31/12/2018 | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Credit impaired Lifetime ECL | POCI Credit impaired Lifetime ECL | Total |
|---|---|---|---|---|---|
| **Mortgages** | | | | | |
| Gross carrying amount | 5,831 | 2,165 | 3,750 | 2,776 | **14,523** |
| Less: ECL Allowance for impairment losses | (4) | (65) | (1,004) | (750) | **(1,824)** |
| **Total Mortgages** | **5,827** | **2,100** | **2,746** | **2,026** | **12,699** |
| **Consumer, Personal and Other loans** | | | | | |
| Gross carrying amount | 817 | 510 | 1,319 | 1,219 | **3,865** |
| Less: ECL Allowance for impairment losses | (28) | (81) | (827) | (756) | **(1,692)** |
| **Total Consumer, Personal and Other loans** | **789** | **429** | **492** | **463** | **2,174** |
| **Credit Cards** | | | | | |
| Gross carrying amount | 400 | 145 | 256 | 142 | **943** |
| Less: ECL Allowance for impairment losses | (2) | (6) | (205) | (121) | **(333)** |
| **Total Credit Cards** | **398** | **139** | **51** | **21** | **610** |
| **Retail Lending** | | | | | |
| Gross carrying amount | 7,049 | 2,820 | 5,325 | 4,137 | **19,331** |
| Less: ECL Allowance for impairment losses | (34) | (152) | (2,036) | (1,626) | **(3,848)** |
| **Total Retail Lending** | **7,014** | **2,669** | **3,289** | **2,511** | **15,482** |
| **Loans to Large Corporate** | | | | | |
| Gross carrying amount | 6,489 | 1,210 | 4,292 | 786 | **12,776** |
| Less: ECL Allowance for impairment losses | (84) | (85) | (2,204) | (421) | **(2,794)** |
| **Total Loans to Large Corporate** | **6,405** | **1,125** | **2,088** | **364** | **9,982** |
| **Loans to SMEs** | | | | | |
| Gross carrying amount | 3,961 | 1,863 | 9,820 | 3,601 | **19,246** |
| Less: ECL Allowance for impairment losses | (36) | (130) | (4,500) | (2,021) | **(6,687)** |
| **Total Loans to SMEs** | **3,926** | **1,733** | **5,321** | **1,580** | **12,559** |
| **Loans to Public Sector** | | | | | |
| Gross carrying amount | 1,722 | 1 | 11 | 3 | **1,738** |
| Less: ECL Allowance for impairment losses | (1) | (0) | (4) | (0) | **(4)** |
| **Total Loans to Public Sector** | **1,722** | **1** | **8** | **3** | **1,734** |
| **Corporate and Public Sector Lending** | | | | | |
| Gross carrying amount | 12,172 | 3,074 | 14,123 | 4,390 | **33,760** |
| Less: ECL Allowance for impairment losses | (120) | (215) | (6,707) | (2,443) | **(9,485)** |
| **Total Corporate and Public Sector Lending** | **12,052** | **2,858** | **7,416** | **1,947** | **24,275** |
| **Loans and advances to customers at amortised cost** | | | | | |
| Gross carrying amount | 19,221 | 5,894 | 19,448 | 8,527 | **53,090** |
| Less: ECL Allowance for impairment losses | (154) | (367) | (8,743) | (4,069) | **(13,333)** |
| **Total Loans and advances to customers at amortised cost** | **19,067** | **5,527** | **10,705** | **4,458** | **39,757** |

| Bank - 30/6/2019 | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Credit impaired Lifetime ECL | POCI Credit impaired Lifetime ECL | Total |
|---|---|---|---|---|---|
| **Mortgages** | | | | | |
| Gross carrying amount | 5,612 | 2,128 | 3,772 | 2,665 | **14,178** |
| Less: ECL Allowance for impairment losses | (4) | (59) | (1,016) | (750) | **(1,829)** |
| **Total Mortgages** | **5,608** | **2,069** | **2,756** | **1,915** | **12,349** |
| **Consumer, Personal and Other loans** | | | | | |
| Gross carrying amount | 826 | 486 | 1,303 | 1,155 | **3,769** |
| Less: ECL Allowance for impairment losses | (30) | (71) | (817) | (719) | **(1,637)** |
| **Total Consumer, Personal and Other loans** | **796** | **415** | **486** | **436** | **2,132** |
| **Credit Cards** | | | | | |
| Gross carrying amount | 392 | 184 | 249 | 135 | **960** |
| Less: ECL Allowance for impairment losses | (2) | (8) | (202) | (115) | **(326)** |
| **Total Credit Cards** | **390** | **177** | **47** | **20** | **634** |
| **Retail Lending** | | | | | |
| Gross carrying amount | 6,830 | 2,798 | 5,324 | 3,955 | **18,907** |
| Less: ECL Allowance for impairment losses | (36) | (138) | (2,035) | (1,583) | **(3,792)** |
| **Total Retail Lending** | **6,794** | **2,660** | **3,289** | **2,372** | **15,115** |
| **Loans to Large Corporate** | | | | | |
| Gross carrying amount | 9,174 | 1,362 | 3,867 | 653 | **15,056** |
| Less: ECL Allowance for impairment losses | (124) | (85) | (1,933) | (323) | **(2,464)** |
| **Total Loans to Large Corporate** | **9,050** | **1,277** | **1,934** | **330** | **12,592** |
| **Loans to SMEs** | | | | | |
| Gross carrying amount | 3,743 | 1,427 | 8,590 | 3,264 | **17,024** |
| Less: ECL Allowance for impairment losses | (30) | (111) | (3,882) | (1,798) | **(5,821)** |
| **Total Loans to SMEs** | **3,713** | **1,316** | **4,708** | **1,466** | **11,203** |
| **Loans to Public Sector** | | | | | |
| Gross carrying amount | 168 | 0 | 12 | 3 | **183** |
| Less: ECL Allowance for impairment losses | (1) | (0) | (4) | (0) | **(5)** |
| **Total Loans to Public Sector** | **167** | **0** | **8** | **3** | **179** |
| **Corporate and Public Sector Lending** | | | | | |
| Gross carrying amount | 13,085 | 2,790 | 12,469 | 3,920 | **32,264** |
| Less: ECL Allowance for impairment losses | (155) | (196) | (5,818) | (2,121) | **(8,290)** |
| **Total Corporate and Public Sector Lending** | **12,930** | **2,594** | **6,650** | **1,799** | **23,974** |
| **Loans and advances to customers at amortised cost** | | | | | |
| Gross carrying amount | 19,915 | 5,588 | 17,793 | 7,875 | **51,170** |
| Less: ECL Allowance for impairment losses | (191) | (334) | (7,853) | (3,704) | **(12,081)** |
| **Total Loans and advances to customers at amortised cost** | **19,724** | **5,254** | **9,940** | **4,171** | **39,089** |

| Bank - 31/12/2018 | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Credit impaired Lifetime ECL | POCI Credit impaired Lifetime ECL | Total |
|---|---|---|---|---|---|
| **Mortgages** | | | | | |
| Gross carrying amount | 5,831 | 2,165 | 3,749 | 2,776 | **14,521** |
| Less: ECL Allowance for impairment losses | (4) | (65) | (1,003) | (750) | **(1,823)** |
| **Total Mortgages** | **5,827** | **2,100** | **2,746** | **2,026** | **12,699** |
| **Consumer, Personal and Other loans** | | | | | |
| Gross carrying amount | 811 | 510 | 1,319 | 1,219 | **3,859** |
| Less: ECL Allowance for impairment losses | (28) | (81) | (827) | (756) | **(1,691)** |
| **Total Consumer, Personal and Other loans** | **783** | **429** | **492** | **463** | **2,167** |
| **Credit Cards** | | | | | |
| Gross carrying amount | 400 | 145 | 256 | 142 | **942** |
| Less: ECL Allowance for impairment losses | (2) | (6) | (205) | (121) | **(333)** |
| **Total Credit Cards** | **398** | **139** | **51** | **21** | **609** |
| **Retail Lending** | | | | | |
| Gross carrying amount | 7,042 | 2,820 | 5,324 | 4,137 | **19,323** |
| Less: ECL Allowance for impairment losses | (34) | (152) | (2,035) | (1,626) | **(3,847)** |
| **Total Retail Lending** | **7,007** | **2,669** | **3,288** | **2,511** | **15,475** |
| **Loans to Large Corporate** | | | | | |
| Gross carrying amount | 8,022 | 1,758 | 4,116 | 767 | **14,663** |
| Less: ECL Allowance for impairment losses | (147) | (84) | (2,123) | (412) | **(2,766)** |
| **Total Loans to Large Corporate** | **7,874** | **1,674** | **1,993** | **355** | **11,897** |
| **Loans to SMEs** | | | | | |
| Gross carrying amount | 3,663 | 1,491 | 9,056 | 3,409 | **17,618** |
| Less: ECL Allowance for impairment losses | (33) | (112) | (4,132) | (1,890) | **(6,167)** |
| **Total Loans to SMEs** | **3,630** | **1,379** | **4,924** | **1,519** | **11,451** |
| **Loans to Public Sector** | | | | | |
| Gross carrying amount | 1,722 | 1 | 11 | 3 | **1,737** |
| Less: ECL Allowance for impairment losses | (1) | (0) | (3) | (0) | **(4)** |
| **Total Loans to Public Sector** | **1,722** | **1** | **7** | **3** | **1,733** |
| **Corporate and Public Sector Lending** | | | | | |
| Gross carrying amount | 13,407 | 3,250 | 13,183 | 4,179 | **34,019** |
| Less: ECL Allowance for impairment losses | (181) | (196) | (6,259) | (2,302) | **(8,938)** |
| **Total Corporate and Public Sector Lending** | **13,226** | **3,054** | **6,924** | **1,878** | **25,082** |
| **Loans and advances to customers at amortised cost** | | | | | |
| Gross carrying amount | 20,448 | 6,070 | 18,506 | 8,317 | **53,342** |
| Less: ECL Allowance for impairment losses | (215) | (348) | (8,294) | (3,928) | **(12,785)** |
| **Total Loans and advances to customers at amortised cost** | **20,233** | **5,723** | **10,213** | **4,389** | **40,557** |

The movement of the accumulated allowance for impairment losses on loans that are measured at amortized cost for the Group and the Bank, is as follows:

| Group | Movement in ECL allowance | | | | |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| **ECL allowance as at 1/1/2019** | **154** | **367** | **8,743** | **4,069** | **13,333** |
| Transfer (to)/ from Held for Sale | - | (2) | 27 | - | **25** |
| Transfers between stages (net) | 43 | 22 | (65) | - | **0** |
| ECL Impairment charge for the period | (31) | 11 | 330 | 23 | **332** |
| Change in the present value of the allowance | 0 | 1 | 198 | 126 | **326** |
| Write-off ECL allowance | (1) | (7) | (596) | (207) | **(810)** |
| Write-off of interest recognised from change in the present value of the allowance | (0) | (2) | (271) | (143) | **(416)** |
| FX differences and other movements | (33) | (43) | (94) | (39) | **(209)** |
| **At 30/6/2019** | **132** | **347** | **8,273** | **3,829** | **12,581** |

| Group | Movement in ECL allowance | | | | |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| **ECL allowance as at 1/1/2018** | **157** | **790** | **10,785** | **5,370** | **17,102** |
| Transfer to discontinued operations | (2) | (3) | (79) | - | **(84)** |
| Transfer (to)/ from Held for Sale | (0) | (3) | (808) | (528) | **(1,339)** |
| Transfers between stages (net) | 44 | (191) | 147 | - | **0** |
| ECL Impairment charge for the period | (32) | (112) | 491 | (102) | **245** |
| Change in the present value of the allowance | 0 | 2 | 236 | 159 | **396** |
| Write-off ECL allowance | (0) | (2) | (1,103) | (446) | **(1,551)** |
| Write-off of interest recognised from change in the present value of the allowance | (0) | (2) | (321) | (182) | **(505)** |
| FX differences and other movements | (4) | 10 | 67 | 31 | **104** |
| **At 30/6/2018** | **162** | **490** | **9,414** | **4,303** | **14,368** |

The amounts reported as at 30 June 2018 have been restated due to the completion of the IFRS9 FTA impact assessment by the Group and the Bank.

| Group | Movement in ECL allowance | | | | |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| **ECL allowance as 1/7/2018** | **162** | **490** | **9,414** | **4,303** | **14,368** |
| Transfer (to)/ from Held for Sale | 0 | (7) | 495 | 501 | **989** |
| Transfers between stages (net) | (111) | (73) | 184 | - | **(0)** |
| ECL Impairment charge for the period | 120 | (43) | 375 | (166) | **287** |
| Change in the present value of the allowance | 0 | 3 | 242 | 79 | **324** |
| Write-off ECL allowance | (0) | (2) | (832) | (3) | **(838)** |
| Write-off of interest recognised from change in the present value of the allowance | (0) | (7) | (326) | (91) | **(423)** |
| FX differences and other movements | (16) | 6 | (809) | (554) | **(1,374)** |
| **At 31/12/2018** | **154** | **367** | **8,743** | **4,069** | **13,333** |

| Bank | Movement in ECL allowance | | | | |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| **ECL allowance as at 1/1/2019** | **215** | **348** | **8,294** | **3,928** | **12,785** |
| Transfer (to)/ from Held for Sale | - | (2) | 27 | - | **25** |
| Transfers between stages (net) | 43 | 19 | (62) | - | **0** |
| ECL Impairment charge for the period | (33) | 20 | 333 | 21 | **340** |
| Change in the present value of the allowance | 0 | 1 | 191 | 123 | **315** |
| Write-off ECL allowance | (1) | (7) | (574) | (189) | **(771)** |
| Write-off of interest recognised from change in the present value of the allowance | (0) | (2) | (262) | (139) | **(403)** |
| FX differences and other movements | (33) | (43) | (95) | (39) | **(210)** |
| **At 30/6/2019** | **191** | **334** | **7,853** | **3,704** | **12,081** |

| Bank | Movement in ECL allowance | | | | |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| **ECL allowance as at 1/1/2018** | **148** | **760** | **10,197** | **5,211** | **16,315** |
| Transfer (to)/ from Held for Sale | (0) | (3) | (808) | (528) | **(1,339)** |
| Transfers between stages (net) | 50 | (191) | 142 | - | **0** |
| ECL Impairment charge for the period | (34) | (106) | 496 | (86) | **270** |
| Change in the present value of the allowance | 0 | 2 | 227 | 155 | **384** |
| Write-off ECL allowance | (0) | (2) | (1,088) | (446) | **(1,536)** |
| Write-off of interest recognised from change in the present value of the allowance | (0) | (2) | (307) | (177) | **(486)** |
| FX differences and other movements | 56 | 9 | 55 | 31 | **151** |
| **At 30/6/2018** | **219** | **466** | **8,914** | **4,160** | **13,760** |

The amounts reported as at 30 June 2018 have been restated due to the completion of the IFRS9 FTA impact assessment by the Group and the Bank.

| Bank | Movement in ECL allowance | | | | |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| **ECL allowance as 1/7/2018** | **219** | **466** | **8,914** | **4,160** | **13,760** |
| Transfer (to)/ from Held for Sale | 0 | (7) | 495 | 501 | **989** |
| Transfers between stages (net) | (114) | (84) | 198 | - | **(0)** |
| ECL Impairment charge for the period | 127 | (23) | 367 | (169) | **302** |
| Change in the present value of the allowance | 0 | 3 | 244 | 83 | **330** |
| Write-off ECL allowance | (0) | (2) | (796) | 1 | **(797)** |
| Write-off of interest recognised from change in the present value of the allowance | (0) | (7) | (327) | (93) | **(427)** |
| FX differences and other movements | (17) | 1 | (803) | (554) | **(1,372)** |
| **At 31/12/2018** | **215** | **348** | **8,294** | **3,928** | **12,785** |

### 4.2.2 Other receivables from the Greek Public Sector

As at 30 June 2019, the total carrying value of the Group and the Bank's receivables from the Greek Public Sector is as follows:

| | Group | | Bank | |
|---|---|---|---|---|
| | 30/6/2019 | 31/12/2018 | 30/6/2019 | 31/12/2018 |
| Derivative financial instruments - assets | 438 | 306 | 438 | 306 |
| Bonds and treasury bills at FVTPL | 229 | 242 | 229 | 242 |
| Loans and advances to Public sector at amortised cost | 184 | 1,738 | 179 | 1,737 |
| Debt securities at amortised cost | 100 | 0 | 100 | 0 |
| Bonds, treasury bills and other variable income securities at FVTOCI | 1,409 | 2,002 | 1,409 | 2,002 |
| Other assets | 490 | 534 | 484 | 526 |
| **Total** | **2,849** | **4,822** | **2,838** | **4,814** |

The movement in Loans and advances to Public Sector at amortised cost of € 1.6 billion both for the Group and the Bank is mainly due to the repayment of funding provided to a public sector organisation (i.e. OPEKEPE), aiming the prompt distribution of European Union subsidies to Greek farmers.

## 5 Business segments

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

The segments are defined as follows:

**Piraeus "Core" Segments**

**Retail Banking –** This segment includes Mass, Affluent, Private Banking, Small Businesses, and Public Core segments and Channels.

**Corporate Banking –** This segment includes facilities relating to large Corporates, Shipping, SME and the Agricultural Segments.

**Piraeus Financial Markets ("PFM") –** This segment includes the Fixed Income, Foreign Exchange, Treasury activities (including the interest rate gap resulting from all bank activities) as well as the Institutional Clients' Segments.

**Other –** This segment includes the results of all management related activities, which cannot or should not be allocated to specific customer segments. This segment also includes all the funding related transactions, which are the result of ALCO decision.

**"Piraeus Legacy Unit" – (PLU) Segment**

This segment includes the Recovery Banking Unit ("RBU"), which is considered to be non-core business, the international subsidiaries as well as Real Estate Owned ("REO"), non-core Greek subsidiaries and discontinued operations.

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

| Group | "Core" Segments | | | | | PLU | Group |
|---|---|---|---|---|---|---|---|
| 1/1 - 30/6/2019 | Retail Banking | Corporate Banking | PFM | Other | Total | | |
| Net interest income | 279 | 206 | 50 | 10 | 545 | 174 | **719** |
| Net fee and commission income | 79 | 54 | 2 | 6 | 141 | 5 | **146** |
| Net other income/ (expense) | 2 | 2 | 12 | 5 | 22 | 7 | **28** |
| **Total Net Income** | **360** | **262** | **64** | **21** | **707** | **186** | **893** |
| Total operating expenses before provisions | (224) | (71) | (12) | (83) | (389) | (102) | **(492)** |
| **Profit/ (loss) before provisions, impairment and income tax** | **136** | **191** | **52** | **(62)** | **318** | **84** | **402** |
| ECL impairment losses on loans and advances to customers at amortised cost | (28) | (18) | (1) | (13) | (59) | (273) | **(332)** |
| Impairment (losses) / releases on other assets | - | - | - | (3) | (3) | (2) | **(5)** |
| ECL impairment (losses) / releases on financial assets at FVTOCI | - | - | 10 | - | 10 | - | **10** |
| Impairment on investment securities and participations | - | - | - | - | - | 0 | **0** |
| Impairment of property and equipment and intangible assets | - | - | - | (5) | (5) | (0) | **(5)** |
| Other impairment (losses) / releases | - | - | (1) | - | (1) | (0) | **(1)** |
| Other provision releases / (charges) | - | - | - | 0 | 0 | (0) | **0** |
| Share of profit/ (loss) of associates and joint ventures | - | - | - | (4) | (4) | (6) | **(11)** |
| **Profit/ (loss) before income tax** | **109** | **174** | **60** | **(88)** | **255** | **(198)** | **57** |
| Income tax benefit/ (expense) | | | | | | | (25) |
| **Profit/ (loss) for the period from continuing operations** | | | | | | | **32** |
| Profit/ (loss) after income tax from discontinued operations | - | - | - | - | - | 7 | **7** |
| **Profit/ (loss) for the period** | | | | | | | **38** |
| **As at 30/6/2019** | | | | | | | |
| Total assets from continuing operations (excluding assets held for sale) | 10,059 | 12,684 | 6,587 | 11,005 | 40,335 | 18,541 | **58,875** |
| Total assets from discontinued operations | - | - | - | - | - | 107 | **107** |
| Assets held for sale | - | 114 | - | - | 114 | 141 | **256** |
| Total assets | 10,059 | 12,798 | 6,587 | 11,005 | 40,449 | 18,789 | **59,238** |
| Total liabilities | 33,959 | 7,090 | 7,324 | 1,876 | 50,249 | 1,338 | **51,587** |

| Group | "Core" Segments | | | | | | |
|---|---|---|---|---|---|---|---|
| 1/1 - 30/6/2018 | Retail Banking | Corporate Banking | PFM | Other | Total | PLU | Group |
| Net interest income | 292 | 248 | 40 | (3) | 577 | 128 | **706** |
| Net fee and commission income | 73 | 62 | 3 | (11) | 128 | 11 | **139** |
| Net other income/ (expense) | 2 | 1 | 25 | 32 | 60 | 2 | **62** |
| **Total Net Income** | **366** | **311** | **69** | **19** | **764** | **142** | **906** |
| Total operating expenses before provisions | (244) | (78) | (11) | (201) | (534) | (112) | **(646)** |
| **Profit/ (loss) before provisions, impairment and income tax** | **122** | **233** | **59** | **(182)** | **231** | **29** | **260** |
| ECL Impairment losses on loans and advances to customers at amortised cost | (17) | (57) | 0 | 0 | (74) | (172) | **(245)** |
| Impairment (losses) / releases on other assets | - | - | - | (13) | (13) | (7) | **(20)** |
| ECL impairment (losses) / releases on financial assets at FVTOCI | - | - | 7 | - | 7 | - | **7** |
| Impairment on investment securities and participations | - | - | - | (0) | (0) | (49) | **(50)** |
| Impairment of property and equipment and intangible assets | - | - | - | (4) | (4) | - | **(4)** |
| Other impairment (losses) / releases | - | - | (0) | - | (0) | 0 | **0** |
| Other provision releases / (charges) | - | - | - | 14 | 14 | (3) | **11** |
| Share of profit/ (loss) of associates and joint ventures | - | - | - | (24) | (24) | (0) | **(24)** |
| **Profit/ (loss) before income tax** | **105** | **175** | **66** | **(208)** | **137** | **(202)** | **(64)** |
| Income tax benefit/ (expense) | | | | | | | 6 |
| **Profit/ (loss) for the period from continuing operations** | | | | | | | **(58)** |
| Profit/ (loss) after income tax from discontinued operations | - | - | - | - | - | (313) | **(313)** |
| **Profit/ (loss) for the period** | | | | | | | **(370)** |
| | | | | | | | |
| **As at 31/12/2018** | | | | | | | |
| Total assets from continuing operations (excluding assets held for sale) | 10,162 | 13,830 | 5,768 | 11,257 | 41,018 | 18,834 | **59,852** |
| Total assets from discontinued operations | - | - | - | - | - | 1,721 | **1,721** |
| Assets held for sale | - | 33 | - | - | 33 | 274 | **307** |
| Total assets | 10,162 | 13,862 | 5,768 | 11,257 | 41,050 | 20,829 | **61,880** |
| Total liabilities | 33,044 | 7,643 | 9,023 | 1,951 | 51,662 | 2,712 | **54,374** |

In the results per business segment of the Group, as presented above for the comparative period, reclassifications have been carried out as stated in the relevant Note 27. In addition, intersegmental reclassifications have been applied to this period figures (first semester 2018) due to allocation methodology/process updates.

In the tables above, interest income is analysed into business segments net of interest expense, as Management relies primarily on net interest income to assess the performance of each business segment.

The intercompany transactions among the business segments are realised at arm’s length.

## 6 Net fee and commission income

| | Group | | Bank | |
|---|---|---|---|---|
| | 1/1 - 30/6/2019 | 1/1 - 30/6/2018<br>As restated | 1/1 - 30/6/2019 | 1/1 - 30/6/2018<br>As restated |
| **Fee and commission income** | | | | |
| Commercial banking | 175 | 166 | 153 | 141 |
| Investment banking | 8 | 7 | 4 | 3 |
| Asset management | 6 | 7 | 4 | 5 |
| **Total fee and commission income** | **188** | **180** | **161** | **150** |
| **Fee and commission expense** | | | | |
| Commercial banking | (40) | (40) | (36) | (41) |
| Investment banking | (2) | (2) | (0) | (0) |
| Asset management | (0) | (0) | (0) | (0) |
| **Total fee and commission expense** | **(42)** | **(42)** | **(36)** | **(42)** |
| **Net fee and commission income** | **146** | **139** | **125** | **108** |

The tables below present commission income from contracts with customers for the Group and the Bank, for the periods ended 30 June 2019 and 2018 respectively, per product type and per business segments before deducting any associated expenses.

### a. Fee and commission income

The Group and the Bank segregate revenue from contracts with customers based on the type of services provided. Management believes that this segregation indicates how the nature, quantity, timing and uncertainty of the Group's and the Bank’s income and cash flows are affected by financial factors.

| Group | Fee and Commission income | | | | | |
|---|---|---|---|---|---|---|
| 1/1 - 30/6/2019 | Retail Banking | Corporate Banking | Piraeus Financial Markets | Other | PLU | Total |
| Acquiring | 17 | 10 | 0 | 0 | 1 | **28** |
| Asset management/Brokerage | 9 | 0 | 2 | 1 | 0 | **12** |
| Bancassurance | 12 | 2 | 0 | 3 | 1 | **18** |
| Cards Issuance | 18 | 2 | 0 | 0 | 1 | **22** |
| Deposits Commissions | 3 | 1 | 0 | 0 | 0 | **4** |
| Funds Transfer | 18 | 6 | 0 | 0 | 1 | **26** |
| Letters of Guarantee | 1 | 14 | 0 | 0 | 2 | **17** |
| Loans and advances to customers at amortised cost | 4 | 22 | 0 | 1 | 1 | **28** |
| Payments | 9 | 2 | 0 | 0 | 0 | **12** |
| FX fees | 9 | 2 | 0 | 0 | 0 | **11** |
| Other | 7 | 2 | 0 | 1 | 3 | **12** |
| **Total** | **106** | **62** | **3** | **7** | **11** | **188** |

| Bank | Fee and Commission income | | | | | |
|---|---|---|---|---|---|---|
| 1/1 - 30/6/2019 | Retail Banking | Corporate Banking | Piraeus Financial Markets | Other | PLU | Total |
| Acquiring | 17 | 10 | 0 | 0 | 1 | **28** |
| Asset management/Brokerage | 4 | 0 | 2 | 0 | 0 | **6** |
| Bancassurance | - | - | - | - | - | **0** |
| Cards Issuance | 18 | 2 | 0 | 0 | 1 | **22** |
| Deposits Commissions | 3 | 1 | 0 | 0 | 0 | **4** |
| Funds Transfer | 18 | 6 | 0 | 0 | 1 | **26** |
| Letters of Guarantee | 1 | 14 | 0 | 0 | 2 | **17** |
| Loans and advances to customers at amortised cost | 3 | 20 | 0 | 2 | 1 | **26** |
| Payments | 9 | 2 | 0 | 0 | 0 | **12** |
| FX fees | 9 | 2 | 0 | 0 | 0 | **11** |
| Other | 7 | 3 | 0 | 0 | 0 | **10** |
| **Total** | **89** | **58** | **3** | **3** | **7** | **161** |

| Group | Fee and Commission income | | | | | |
|---|---|---|---|---|---|---|
| 1/1 - 30/6/2018 | Retail Banking | Corporate Banking | Piraeus Financial Markets | Other | PLU | Total |
| Acquiring | 15 | 16 | 0 | 0 | 1 | **32** |
| Asset management/Brokerage | 8 | 0 | 3 | 1 | 0 | **12** |
| Bancassurance | 12 | 3 | 0 | 4 | 2 | **20** |
| Cards Issuance | 15 | 2 | 0 | 0 | 2 | **18** |
| Deposits Commissions | 3 | 1 | 0 | 0 | 0 | **4** |
| Funds Transfer | 18 | 6 | 0 | 0 | 1 | **25** |
| Letters of Guarantee | 1 | 16 | 0 | 0 | 1 | **18** |
| Loans and advances to customers at amortised cost | 3 | 24 | 0 | (13) | 3 | **17** |
| Payments | 9 | 2 | 0 | 0 | 0 | **11** |
| FX fees | 7 | 1 | 0 | 0 | 0 | **9** |
| Other | 7 | 3 | 0 | 1 | 3 | **13** |
| **Total** | **97** | **73** | **4** | **(7)** | **13** | **180** |

| Bank | Fee and Commission income | | | | | |
|---|---|---|---|---|---|---|
| 1/1 - 30/6/2018 | Retail Banking | Corporate Banking | Piraeus Financial Markets | Other | PLU | Total |
| Acquiring | 15 | 16 | 0 | 0 | 1 | **32** |
| Asset management/Brokerage | 3 | 0 | 3 | 0 | 0 | **7** |
| Bancassurance | - | - | - | - | - | **0** |
| Cards Issuance | 15 | 2 | 0 | 0 | 2 | **18** |
| Deposits Commissions | 3 | 1 | 0 | 0 | 0 | **4** |
| Funds Transfer | 18 | 6 | 0 | 0 | 1 | **25** |
| Letters of Guarantee | 1 | 16 | 0 | 0 | 1 | **18** |
| Loans and advances to customers at amortised cost | 3 | 21 | 0 | (12) | 2 | **14** |
| Payments | 9 | 2 | 0 | 0 | 0 | **11** |
| FX fees | 7 | 1 | 0 | 0 | 0 | **9** |
| Other | 7 | 3 | 0 | 0 | 1 | **11** |
| **Total** | **80** | **67** | **4** | **(11)** | **9** | **150** |

### b. Other income

The tables below present other income from contracts with customers for the Group and the Bank, for the periods ended 30 June 2019 and 2018 respectively, which fall within the scope of IFRS 15.

| Group | Other Income | | | |
|---|---|---|---|---|
| 1/1 - 30/6/2019 | Retail Banking | Other | PLU | Total |
| Other operating income | 0 | 12 | 2 | **14** |
| Gain from sale of investment property | - | 0 | 0 | **0** |
| Gain from sale of other assets | - | 0 | 5 | **5** |
| **Total** | **0** | **12** | **7** | **19** |

| Bank | Other Income | | | |
|---|---|---|---|---|
| 1/1 - 30/6/2019 | Retail Banking | Other | PLU | Total |
| Other operating income | 0 | 3 | 0 | **3** |
| Gain from sale of investment property | - | 0 | - | **0** |
| Gain from sale of other assets | - | 0 | 4 | **5** |
| **Total** | **0** | **3** | **4** | **7** |

| Group | Other Income | | | |
|---|---|---|---|---|
| 1/1 - 30/6/2018 | Retail Banking | Other | PLU | Total |
| Other operating income | 0 | 12 | 8 | **20** |
| Gain from sale of investment property | - | 0 | 0 | **0** |
| Gain from sale of other assets | - | 0 | 3 | **3** |
| **Total** | **0** | **12** | **11** | **24** |

| Bank | Other Income | | | |
|---|---|---|---|---|
| 1/1 - 30/6/2018 | Retail Banking | Other | PLU | Total |
| Other operating income | 0 | 3 | 0 | **3** |
| Gain from sale of investment property | - | 0 | - | **0** |
| Gain from sale of other assets | - | 0 | 3 | **3** |
| **Total** | **0** | **3** | **3** | **6** |

## 7 Staff costs

Decrease in staff is attributed to the reduction of staff headcount employed by the Group and the Bank in 2019 compared to 2018, which was partially offset by the recognition of an amount of € 16 million as at 30 June 2019 for the Voluntary Exit Schemes (VES) that were launched in February 2018 and July 2019 (out of which € 10 million is a provision for the latter VES). The final cost of July 2019 VES will be determined in the second semester of 2019, when the number of employees willing to participate is finalized.

## 8 Discontinued operations

Discontinued operations as at 30 June 2019 comprise of IMITHEA S.A., while as at 31 December 2018, comprised of IMITHEA S.A., Piraeus Bank Bulgaria A.D. and Tirana Bank I.B.C. S.A.. The profit or losses from discontinued operations for the period ended 30 June 2019 comprises of IMITHEA S.A., Piraeus Bank Bulgaria A.D. and Tirana Bank I.B.C. S.A. (for the latter two until the day of their disposal, respectively), while the profit or losses from discontinued operations for the period ended 30 June

2018 comprised of IMITHEA S.A., Tirana Bank I.B.C. S.A., Piraeus Bank Bulgaria A.D., Sentinel Advisors S.A., Piraeus Leasing Doo Beograd, Piraeus Bank Beograd A.D., Piraeus Bank Romania S.A. and Olympic Commercial & Tourist Enterprises S.A..

**IMITHEA S.A.**

In the first quarter of 2017, the Bank's subsidiary IMITHEA S.A., owner and operator of the Henry Dunant Hospital Center, was classified as a discontinued operation and non-current asset held for sale in the consolidated and separate financial statements of the Group and the Bank, respectively. In early August 2018, Piraeus Bank announced the completion of the first stage for the disposal of its 100% subsidiary IMITHEA S.A., following the receipt of non-binding offers by investors. The Bank assessed the non-binding offers received and proceeded to the next stage of the process. The Bank announced on 15 October 2018, that the second stage of the process (i.e. the submission of binding offers) was successfully completed. The Bank remains committed to its strategic plan to dispose IMITHEA S.A. and considers that the sale is highly probable, given that it is preparing towards relaunching the sale process in the second semester of 2019, hence it is expected that the sale will be completed within 12 months. For this reason, IMITHEA S.A. is classified as held for sale and discontinued operation.

**Piraeus Bank Bulgaria A.D.**

In the second quarter of 2018, the Bank's subsidiary Piraeus Bank Bulgaria A.D. ("PBB") was classified as a discontinued operation and non-current asset held for sale in the consolidated and separate financial statements of the Group and the Bank, respectively. The disposal of PBB to Eurobank Bulgaria A.D. was completed on 13 June 2019, after having obtained the required approvals from the competent regulatory authorities, and the agreed consideration amounted to € 75 million. The transaction represented the last major milestone towards fulfillment of Piraeus Bank's Restructuring Plan commitments, as agreed with the Directorate General of Competition of the European Commission.

**Tirana Bank I.B.C. S.A.**

In the second quarter of 2018, the Bank's 98.83% shareholding in its Albanian subsidiary, Tirana Bank Sh.A (PB Albania), was classified as a discontinued operation and non-current asset held for sale in the consolidated and separate financial statements of the Group and the Bank, respectively. The disposal was completed on 28 February 2019, on which date control over PB Albania was passed to Balfin Sh.p.k. and Komercijalna Banka AD. The total consideration amounted to € 57 million.

**Sentinel Advisors S.A**

On 3 April 2018, the disposal of the Bank's 99.54% shareholding in Sentinel Advisors S.A. (former ATE Insurance Romania S.A.) was completed. The consideration amounted to € 3 million.

**Piraeus Bank Beograd AD and Piraeus Leasing Doo Beograd**

On 17 October 2017, the Bank announced that it had entered into an agreement to dispose of its Serbian banking and leasing operations to Direktna Banka A.D., a local Serbian banking group, for a total cash consideration of € 61 million, through a combination of direct sale and simultaneous reduction of capital in Piraeus Bank Beograd A.D.. On 23 April 2018 the sale of Piraeus Bank Beograd A.D. and Piraeus Leasing Doo Beograd to Direktna Bank A.D. was completed, following the receipt of the necessary regulatory approvals by the National Bank of Serbia and the Serbian Competition Authority, as well as the HFSF.

**Piraeus Bank Romania S.A**

On 21 November 2017, the Bank announced that it had entered into an agreement with J.C. Flowers & Co for the disposal of its entire shareholding in its banking subsidiary in Romania, Piraeus Bank Romania S.A. ("PBR"). On 29 June 2018, the Bank concluded the sale of PBR to J.C. Flowers & Co, after having obtained the necessary regulatory approvals by the National Bank of Romania and the Romanian Competition Authority, as well as the HFSF. The consideration amounted to € 44 million.

**Olympic Commercial & Tourist Enterprises S.A.**

On 21 November 2017, the Bank made an announcement, regarding the disposal of its subsidiary Olympic Commercial and Tourism Enterprises S.A. (Olympic) - which held the Avis Rent a Car, Budget Rent a Car and Payless master franchises for Greece - that Avis Budget Group, through its subsidiary Zodiac Europe Limited, exercised its rights held under the terms of the franchise agreements for its brands. The consideration for the transaction amounted to € 81 million. The transaction was completed on 15 March 2018.

**A) Profit/ (loss) after income tax from discontinued operations**

| | 1/1 - 30/6/2019 | 1/1 - 30/6/2018 |
|---|---|---|
| Interest and similar income | 19 | 56 |
| Interest expense and similar charges | (1) | (9) |
| **NET INTEREST INCOME** | **17** | **47** |
| Fee and commission income | 8 | 18 |
| Fee and commission expense | (1) | (4) |
| **NET FEE AND COMMISSION INCOME** | **7** | **14** |
| Dividend income | 0 | 0 |
| Net gain/ (losses) from financial instruments measured at fair value through profit or loss | 2 | (3) |
| Results from the disposal of participation of subsidiaries and associates | 9 | (155) |
| Net gain/ (losses) from financial instruments measured at fair value through other comprehensive income | - | 0 |
| Net other income/ (expenses) | 16 | 22 |
| **TOTAL NET INCOME** | **51** | **(75)** |
| Staff costs | (22) | (41) |
| Administrative expenses | (14) | (37) |
| Depreciation and amortisation | (5) | (7) |
| Net gain/ (losses) from sale of property and equipment and intangible assets | 0 | 0 |
| **TOTAL OPERATING EXPENSES BEFORE PROVISIONS** | **(41)** | **(85)** |
| **PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX** | **11** | **(160)** |
| Provisions and Impairment Losses | (4) | (157) |
| Share of profit/ (loss) of associates and joint ventures | - | - |
| **PROFIT/ (LOSS) BEFORE INCOME TAX** | **7** | **(318)** |
| Income tax benefit/ (expense) | 0 | 5 |
| **PROFIT/ (LOSS) AFTER INCOME TAX FROM DISCONTINUED OPERATIONS** | **7** | **(313)** |

In the current period the loss arising from the measurement of the subsidiaries presented as Discontinued Operations to fair value less costs to sell, based on the provisions of IFRS 5, amounted to € 2 million (period ended 30 June 2018: € 152 million). The said loss is included in the “Provisions and impairment losses” line in the above table.

**B) Assets and liabilities as discontinued operations**

| | 30/6/2019 | 31/12/2018 |
|---|---|---|
| **ASSETS** | | |
| Cash and balances with Central Banks | 0 | 278 |
| Loans and advances to credit institutions | - | 116 |
| Derivative financial instruments - assets | - | 0 |
| Reverse repos with customers | - | 1 |
| Loans and advances to customers at amortised cost | - | 992 |
| Financial assets measured at FVTOCI | - | 230 |
| Investment property | - | 1 |
| Property and equipment | 83 | 84 |
| Intangible assets | 0 | 0 |
| Deferred tax assets | 5 | 6 |
| Other assets | 19 | 15 |
| **Total Assets** | **107** | **1,721** |

| | 30/6/2019 | 31/12/2018 |
|---|---|---|
| **LIABILITIES** | | |
| Due to credit institutions | - | 33 |
| Due to customers | - | 1,601 |
| Derivative financial instruments - liabilities | - | 0 |
| Retirement benefit obligations | 5 | 6 |
| Other provisions | 1 | 142 |
| Other liabilities | 11 | 22 |
| **Total Liabilities** | **17** | **1,804** |

## 9 Income tax benefit / (expense)

In accordance with the provisions of the enacted Greek Law 4172/2013, as amended by Greek Law 4579/2018 (Gazette A'201/3.12.2018) and currently in effect, the nominal income tax rate of the Bank for 2019 and 2018 is 29%. Effective from 2019, the corporate income tax rate for Greek legal entities, other than credit institutions, is gradually reduced to a) 28% for income earned in 2019, b) 27% for income earned in 2020, c) 26% for income earned in 2021 and d) 25% for income earned in 2022 and onwards. The corporate income tax rate, applicable to financial institutions, remains at 29%. The withholding tax on dividends distributed after 1 January 2019 is decreased from 15% to 10%, according to Law 4603/2019.

From 1 January 2017 onwards, in case of distribution or capitalisation of current year profits or distribution of profits of past fiscal years (reserves) for which no income tax has been paid, the amount distributed or capitalised, is taxed separately (independently) subject to the provisions of paragraph 1 of article 47 of Law 4172/2013, as being applied after their amendment with paragraph 2 of article 99 of Greek Law 4446/2016, as a profit from a business activity, regardless of whether the entity carries tax losses or not.

For the subsidiaries operating abroad, the income tax benefit/(expense) is estimated based on the respective nominal corporate income tax rates applicable in 2019 and 2018 (Bulgaria: 10%, Romania: 16%, Egypt: 22.5%, Serbia: 15%, Ukraine: 18%, Cyprus: 12.5%, Albania: 15% and United Kingdom: 19%).

The income tax in the Income Statement is analysed in the table below:

| | Group | | Bank | |
|---|---|---|---|---|
| | 1/1 - 30/6/2019 | 1/1 - 30/6/2018 | 1/1 - 30/6/2019 | 1/1 - 30/6/2018 |
| Current tax expense | (5) | (7) | (0) | (0) |
| Deferred tax benefit / (expense) | (20) | 14 | (15) | 21 |
| **Total** | **(25)** | **6** | **(15)** | **21** |

Deferred tax in the Income Statement is attributable to temporary differences, the effect of which is analysed in the table below:

| | Group | | Bank | |
|---|---|---|---|---|
| | 1/1 - 30/6/2019 | 1/1 - 30/6/2018 | 1/1 - 30/6/2019 | 1/1 - 30/6/2018 |
| Pensions and other post retirement benefits | (18) | 6 | (18) | 6 |
| Loans and advances to customers | 248 | 114 | 249 | 115 |
| Other provisions | (3) | (7) | - | - |
| Securities valuation adjustment | (1) | 1 | - | - |
| Derivative financial instruments valuation adjustment | 1 | 23 | 1 | 23 |
| Investment property fair value adjustment | 1 | (0) | - | - |
| Depreciation of property and equipment | (46) | (4) | (45) | (3) |
| Amortisation of Intangible assets and lease liabilities | 39 | (16) | 39 | (16) |
| Recognition of tax losses carried forward | (144) | (19) | (144) | (19) |
| Impairment of Greek government bonds (PSI related) | (28) | (28) | (28) | (28) |
| Participations | (73) | (61) | (73) | (61) |
| Other temporary differences | 4 | 3 | 4 | 2 |
| **Total** | **(20)** | **14** | **(15)** | **21** |

Under the provisions of Greek Law 4172/2013, Article 27A, as amended by Greek Law 4465/2017, and currently in force, deferred tax assets of Greek credit institutions, leasing and factoring companies, arising from losses on the Private Sector Involvement ('PSI') and accumulated provisions due to credit risk in relation to existing loans and advances to customers as of 30 June 2015, as well as the accounting write offs and final losses due to permanent write offs or restructuring of debts under certain conditions can be converted from 2017 onwards into directly enforceable claims (“Tax Credit") against the Greek State, provided that the entity suffers an accounting loss from fiscal year 2016 onwards. The Tax Credits will be calculated as a ratio of IFRS accounting losses to net equity (excluding the year’s losses) on a solo basis and such ratio will be applied to the remaining eligible deferred tax assets in a given year to calculate the Tax Credit that will be converted in that year, in respect of the prior tax year. The Tax Credit may be offset against income taxes payable. The non-offset part of the Tax Credit is immediately recognized as a receivable from the Greek State. The Bank will issue conversion rights to the Greek State for an amount of 100% of the Tax Credit in favor of the Greek State and will create a specific reserve for an equal amount. Common shareholders have pre-emption rights on these conversion rights. The reserve will be capitalized with the issuance of common shares in favor of the Greek State. This legislation allows credit institutions to treat such deferred tax assets as not “relying on future profitability” according to CRD IV, and as a result such deferred tax assets are not deducted from CET1, hence improving a credit institution’s capital position.

Furthermore, a gradual amortisation over a 20-year period of the final tax losses arising from write-offs and disposals of loans is provided, maintaining the deferred tax credit status during all this period, while it disconnects the accounting write-offs from final debt write-offs.

The Extraordinary General Meeting of the Bank's Shareholders, on 19 December 2014, approved the Bank’s opting into the special regime enacted by article 27A of the Greek Law 4172/2013, regarding the voluntary conversion of deferred tax assets arising from temporary tax differences into final and settled claims against the Greek State and authorised the Board of Directors of the Bank to proceed with all actions required for the implementation of the above mentioned provisions.

As at 30 June 2019, the deferred tax assets of the Group and the Bank that met the provisions of the above mentioned Law, amounted to € 3.9 billion (31 December 2018: € 3.9 billion), of which € 1.2 billion (31 December 2018: € 1.3 billion) relates to unamortised PSI losses and € 2.7 billion (31 December 2018: € 2.7 billion) relates to differences between the IFRS carrying amount and tax base of loans and advances to customers, respectively.

According to article 82 of Greek Law 4472/2017 credit institutions and other legal entities scoped into the provisions of article 27A of Greek Law 4172/2013 are required to pay an annual fee of 1.5% on the excess amount guaranteed by the Greek State of deferred tax assets arising from the difference between the tax rate applicable under Greek Law 4334/2015 (Gazette A' 80/16/7/2015) retrospectively from 1 January 2015 onwards (29%), and the tax rate applicable on 30 June 2015 (26%). The corresponding amount for the Group and the Bank for the period ended 30 June 2019 is € 3 million and has been recognized within line item “Net other income/ (expenses)" of the Income Statement.

According to article 63 of Greek Law 4607/2019, as of 1 May 2019, the levy of article 1 of Law 128/1975 is imposed on the balance of all types of credits, as well as to all financial agreements with equivalent effect to credits, from financial institutions as defined in the Capital Requirements Regulation 575/2013, operating in Greece or abroad.

## 10 Current tax assets

| | Group | | Bank | |
|---|---|---|---|---|
| | 30/6/2019 | 31/12/2018 | 30/6/2019 | 31/12/2018 |
| **Current tax assets** | 253 | 275 | 251 | 270 |
| Accumulated impairment of current tax assets | (52) | (54) | (52) | (52) |
| **Net amount of current tax assets** | 201 | 221 | 200 | 218 |

Current tax assets include the following withholding tax receivables, which the Group and the Bank claim from the Greek state:

a) Withholding taxes on interest of bonds and treasury bills of € 91 million relating to the financial years 2009, 2011, 2012 and 2013 (tax years 2008, 2010, 2011 and 2012). Under the provisions of Greek Law 4605 (article 93, par.1 & 2), as published at Gazette A' 52 on 1 April 2019, an amendment was introduced into the Greek Corporate Income Tax legislation, clarifying the status of the aforementioned withholding tax receivables of the Bank, as follows:

- taxes of € 28 million, withheld in accordance with the provisions of para. 8 of article 12 of Greek Law 2238/1994, are offset as a priority when income tax is incurred and to the extent that such income tax is sufficient for the purposes of the above set-off, while an amount of € 14 million, withheld on the same basis, for the financial year 2010 (tax year 2009) is claimed from the Greek State; and

- withholding taxes of € 49 million, which are subject to the provisions of para. 6 of article 3 of Greek Law 4046/2012 and not offset within five years, are offset in equal instalments within 10 years with any tax liabilities of the Bank, starting from 1 January 2020.

b) Withholding tax receivables on interest income from treasury bills of € 60 million, which were withheld after 1 January 2013, regarding interest income which is now taxed under the general corporate income tax provisions, are offset against income tax available in the following 5 financial years from the year in which the income tax was withheld. After the end of the five-year period, any withholding tax that has not been offset, is repayable by the Greek State.

c) Withholding taxes on corporate bonds of € 36 million, which are refundable by the Greek State.

d) Various other tax claims of the Group and the Bank of € 15 million and € 14 million, respectively.

## 11 Earnings/(losses) per share

Basic earnings/ (losses) per share ("EPS") is calculated by dividing the profit/ (loss) after tax attributable to the ordinary shareholders of the Bank by the weighted average number of ordinary shares in issue during the period, excluding the average number of ordinary shares held by the Group.

On 2 December 2015, in the context of capital support provided in accordance with the provisions of Greek Law 3864/2010 and Cabinet Act no 36/2015, the Board of Directors proceeded with the issuance of Contingent Convertible Bonds ("CoCos") amounting to € 2,040 million. This amount was exclusively covered by the HFSF with bonds issued by the ESM.

The effect of CoCo's in the EPS calculation for the comparative period was antidilutive hence the comparative weighted average number of ordinary shares outstanding for diluted EPS has not been adjusted.

| | 1/1 - 30/6/2019 | 1/1 - 30/6/2018 | 1/4 - 30/6/2019 | 1/4 - 30/6/2018 |
|---|---|---|---|---|
| Profit/ (loss) for the period attributable to ordinary shareholders of the parent entity from continuing operations | 34 | (55) | 20 | 24 |
| Profit/ (loss) for the period attributable to ordinary shareholders of the parent entity from discontinued operations | 7 | (312) | 1 | (309) |
| **Profit/ (loss) for the period attributable to ordinary shareholders of the parent entity from continuing and discontinued operations** | **41** | **(366)** | **22** | **(285)** |
| Weighted average number of ordinary shares in issue (Basic earnings / losses) | 436,395,935 | 436,467,125 | 436,449,311 | 436,532,792 |
| Potential dilutive ordinary shares from CoCos | 394,400,000 | - | 394,400,000 | - |
| **Weighted average number of ordinary shares in issue (Diluted earnings / losses)** | **830,795,935** | **436,467,125** | **830,849,311** | **436,532,792** |
| Basic earnings/(losses) per share in € from continuing operations | 0.08 | (0.12) | 0.05 | 0.05 |
| Diluted earnings/(losses) per share in € from continuing operations | 0.04 | (0.12) | 0.02 | 0.05 |
| Basic earnings/(losses) per share in € from discontinued operations | 0.02 | (0.71) | 0.00 | (0.71) |
| Diluted earnings/(losses) per share in € from discontinued operations | 0.01 | (0.71) | 0.00 | (0.71) |
| **Basic earnings/(losses) per share in € from continuing and discontinued operations** | **0.09** | **(0.84)** | **0.05** | **(0.65)** |
| **Diluted earnings/(losses) per share in € from continuing and discontinued operations** | **0.05** | **(0.84)** | **0.03** | **(0.65)** |

## 12 Items that may be reclassified subsequently to profit or loss

Other comprehensive income, net of tax from continuing and discontinued operations for the period ended 30 June 2019 amounted to € 88 million (period ended 30 June 2018: € 127 million). The table below shows the analysis of these amounts:

## A. Continuing operations - Group

| 1/1 - 30/6/2019 | Before-Tax amount | Tax | Net-of-Tax amount |
|---|---|---|---|
| **Items that may be reclassified subsequently to profit or loss** | | | |
| Change in reserve from financial assets measured at FVTOCI | 106 | (34) | 72 |
| Change in currency translation reserve | 4 | - | 4 |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Change in reserve from financial assets measured at FVTOCI | 28 | (7) | 21 |
| Change in reserve of defined benefit obligations | 0 | (0) | 0 |
| **Other comprehensive income/ (expense) from continuing operations** | **138** | **(41)** | **97** |

| 1/1 - 30/6/2018 | Before-Tax amount | Tax | Net-of-Tax amount |
|---|---|---|---|
| **Items that may be reclassified subsequently to profit or loss** | | | |
| Change in reserve from financial assets measured at FVTOCI | (30) | 4 | (26) |
| Change in currency translation reserve | 5 | - | 5 |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Change in reserve from financial assets measured at FVTOCI | 6 | (2) | 4 |
| Change in reserve of defined benefit obligations | (0) | (0) | (0) |
| **Other comprehensive income/ (expense) from continuing operations** | **(20)** | **2** | **(18)** |

## B. Discontinued operations - Group

| 1/1 - 30/6/2019 | Before-Tax amount | Tax | Net-of-Tax amount |
|---|---|---|---|
| **Items that may be reclassified subsequently to profit or loss** | | | |
| Change in reserve from financial assets measured at FVTOCI | (4) | - | (4) |
| Change in currency translation reserve | (4) | - | (4) |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Change in reserve from financial assets measured at FVTOCI | (1) | - | (1) |
| Change in reserve of defined benefit obligations | (0) | - | (0) |
| **Other comprehensive income/ (expense) from discontinued operations** | **(9)** | **0** | **(9)** |

| 1/1 - 30/6/2018 | Before-Tax amount | Tax | Net-of-Tax amount |
|---|---|---|---|
| **Items that may be reclassified subsequently to profit or loss** | | | |
| Change in reserve from financial assets measured at FVTOCI | 0 | - | 0 |
| Change in currency translation reserve | 145 | - | 145 |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Change in reserve from financial assets measured at FVTOCI | 0 | - | 0 |
| Change in reserve of defined benefit obligations | (0) | - | (0) |
| **Other comprehensive income/ (expense) from discontinued operations** | **145** | **0** | **145** |

### C. Bank

Other comprehensive income, net of tax for the period ended 30 June 2019 amounted to € 91 million (period ended 30 June 2018: € (22) million). The table below shows the analysis of these amounts:

| 1/1 - 30/6/2019 | Before-Tax amount | Tax | Net-of-Tax amount |
|---|---|---|---|
| **Items that may be reclassified subsequently to profit or loss** | | | |
| Change in reserve from financial assets measured at FVTOCI | 106 | (34) | 72 |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Change in reserve from financial assets measured at FVTOCI | 27 | (8) | 19 |
| **Other comprehensive income/ (expense)** | **134** | **(42)** | **91** |

| 1/1 - 30/6/2018 | Before-Tax amount | Tax | Net-of-Tax amount |
|---|---|---|---|
| **Items that may be reclassified subsequently to profit or loss** | | | |
| Change in reserve from financial assets measured at FVTOCI | (30) | 4 | (26) |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Change in reserve from financial assets measured at FVTOCI | 6 | (2) | 4 |
| **Other comprehensive income/ (expense)** | **(24)** | **2** | **(22)** |

## 13 Loans and advances to customers at amortised cost

The amounts of loans and advances to customers at amortised cost before ECL allowances for impairment on loans and advances to customers at amortised cost have been reduced by the fair value adjustment, in the context of the purchase price allocation exercise of the operations acquired in the period 2012 to 2015. Specifically, the remaining ECL allowance for impairment on loans and advances to customers at amortised cost of the Group and the Bank amounting to € 3.2 billion and € 3.1 billion respectively as at 30 June 2019 relating to former ATEbank, the Greek banking operations of Cypriot Banks in Greece (Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank), Millennium Bank S.A., Geniki Bank S.A. and Panellinia Bank S.A., which at their acquisition date by Piraeus Bank amounted to € 8.1 billion and € 7.9 billion for the Group and the Bank respectively, has decreased the gross balance of loans and advances to customers at amortised cost and the ECL allowance for impairment on loans and advances to customers respectively in the tables below, as under IFRS 3 it has been included in the adjustment of loans and advances to customers at amortised cost to their fair value during the cost allocation process. However, for purposes of credit risk monitoring in accordance with IFRS 7 in Note 4.2.1, the aforementioned adjustment is part of the ECL allowance for impairment on loans and advances to customers at amortised cost and hence both the gross exposures and the ECL allowance have been increased by this amount.

| **Group** | **Stage 1** | **Stage 2** | **Stage 3** | **POCI** | |
|---|---|---|---|---|---|
| **30/6/2019** | **12-month ECL** | **Lifetime ECL** | **Credit impaired Lifetime ECL** | **Credit impaired Lifetime ECL** | **Total** |
| Mortgages | 5,579 | 2,097 | 3,720 | 2,404 | 13,799 |
| Consumer, personal and other loans | 817 | 455 | 1,227 | 590 | 3,089 |
| Credit cards | 392 | 184 | 247 | 29 | 852 |
| **Total Retail Lending** | **6,788** | **2,736** | **5,194** | **3,023** | **17,741** |
| Large Corporate | 7,042 | 1,136 | 3,837 | 452 | 12,467 |
| SMEs | 4,052 | 1,730 | 9,042 | 2,303 | 17,128 |
| Public Sector | 172 | 1 | 10 | 3 | 186 |
| **Corporate and Public Sector Lending** | **11,266** | **2,867** | **12,889** | **2,759** | **29,781** |
| **Total gross loans and advances to customers** | **18,054** | **5,603** | **18,083** | **5,781** | **47,521** |
| Less: ECL Allowance | (0) | (120) | (7,682) | (1,543) | (9,345) |
| **Loans and advances to customers at amortised cost** | **18,054** | **5,483** | **10,401** | **4,238** | **38,176** |

| **Group** | **Stage 1** | **Stage 2** | **Stage 3** | **POCI** | |
|---|---|---|---|---|---|
| **31/12/2018** | **12-month ECL** | **Lifetime ECL** | **Credit impaired Lifetime ECL** | **Credit impaired Lifetime ECL** | **Total** |
| Mortgages | 5,797 | 2,135 | 3,690 | 2,505 | 14,128 |
| Consumer, personal and other loans | 800 | 479 | 1,232 | 622 | 3,134 |
| Credit cards | 399 | 145 | 253 | 29 | 825 |
| **Total Retail Lending** | **6,996** | **2,759** | **5,176** | **3,156** | **18,087** |
| Large Corporate | 6,470 | 1,187 | 3,975 | 501 | **12,133** |
| SMEs | 3,908 | 1,839 | 9,517 | 2,379 | **17,642** |
| Public Sector | 1,722 | 1 | 9 | 3 | **1,735** |
| **Corporate and Public Sector Lending** | **12,101** | **3,027** | **13,500** | **2,882** | **31,510** |
| **Total gross loans and advances to customers** | **19,097** | **5,785** | **18,676** | **6,039** | **49,597** |
| Less: ECL Allowance | (31) | (258) | (7,971) | (1,580) | (9,840) |
| **Loans and advances to customers at amortised cost** | **19,067** | **5,527** | **10,705** | **4,458** | **39,757** |

| **Bank** | **Stage 1** | **Stage 2** | **Stage 3** | **POCI** | |
|---|---|---|---|---|---|
| **30/6/2019** | **12-month ECL** | **Lifetime ECL** | **Credit impaired Lifetime ECL** | **Credit impaired Lifetime ECL** | **Total** |
| Mortgages | 5,579 | 2,095 | 3,718 | 2,428 | 13,820 |
| Consumer, personal and other loans | 807 | 451 | 1,225 | 621 | 3,104 |
| Credit cards | 392 | 184 | 247 | 34 | 857 |
| **Total Retail Lending** | **6,778** | **2,731** | **5,190** | **3,083** | **17,781** |
| Large Corporate | 9,153 | 1,215 | 3,699 | 460 | 14,527 |
| SMEs | 3,686 | 1,410 | 8,294 | 2,190 | 15,580 |
| Public Sector | 168 | 0 | 10 | 3 | 181 |
| **Corporate and Public Sector Lending** | **13,006** | **2,625** | **12,003** | **2,653** | **30,287** |
| **Total gross loans and advances to customers** | **19,784** | **5,356** | **17,193** | **5,736** | **48,068** |
| Less: ECL Allowance | (60) | (102) | (7,253) | (1,564) | (8,979) |
| **Loans and advances to customers at amortised cost** | **19,724** | **5,254** | **9,940** | **4,171** | **39,089** |

| Bank | Stage 1 | Stage 2 | Stage 3 | POCI | |
|---|---|---|---|---|---|
| **31/12/2018** | **12-month ECL** | **Lifetime ECL** | **Credit impaired Lifetime ECL** | **Credit impaired Lifetime ECL** | **Total** |
| Mortgages | 5,797 | 2,133 | 3,688 | 2,529 | 14,148 |
| Consumer, personal and other loans | 794 | 475 | 1,229 | 653 | 3,151 |
| Credit cards | 398 | 145 | 253 | 34 | 830 |
| **Total Retail Lending** | **6,989** | **2,753** | **5,171** | **3,216** | **18,129** |
| Large Corporate | 8,003 | 1,735 | 3,820 | 507 | **14,066** |
| SMEs | 3,610 | 1,467 | 8,724 | 2,248 | **16,049** |
| Public Sector | 1,722 | 1 | 8 | 3 | **1,735** |
| **Corporate and Public Sector Lending** | **13,336** | **3,203** | **12,553** | **2,758** | **31,850** |
| **Total gross loans and advances to customers** | **20,325** | **5,956** | **17,724** | **5,974** | **49,979** |
| Less: ECL Allowance | (92) | (233) | (7,511) | (1,586) | (9,422) |
| **Loans and advances to customers at amortised cost** | **20,233** | **5,723** | **10,213** | **4,389** | **40,557** |

The movement of the accumulated allowance for impairment losses on loans that are measured at amortized cost for the Group and the Bank, is as follows:

| Group | Movement in ECL allowance | | | | |
|---|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **POCI** | **Total** |
| **ECL allowance as at 1/1/2019** | **31** | **258** | **7,971** | **1,580** | **9,840** |
| Transfer (to)/ from Held for Sale | - | (2) | 27 | - | **25** |
| Transfers between stages (net) | 31 | (98) | 67 | - | **0** |
| ECL Impairment charge for the period | (31) | 11 | 330 | 23 | **332** |
| Change in the present value of the allowance | 0 | 1 | 198 | 126 | **326** |
| Write-off ECL allowance | (0) | (6) | (577) | (101) | **(684)** |
| Write-off of interest recognised from change in the present value of the allowance | (0) | (2) | (271) | (143) | **(416)** |
| FX differences and other movements | (30) | (43) | (63) | 58 | **(78)** |
| **At 30/6/2019** | **0** | **120** | **7,682** | **1,543** | **9,345** |

| Group | Movement in ECL allowance | | | | |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| **ECL allowance as at 1/1/2018** | **123** | **719** | **9,349** | **1,090** | **11,281** |
| Transfer to discontinued operations | (2) | (3) | (79) | - | **(84)** |
| Transfer (to)/ from Held for Sale | (0) | (3) | (774) | (0) | **(777)** |
| Transfers between stages (net) | 44 | (191) | 147 | - | **0** |
| ECL Impairment charge for the period | (32) | (112) | 491 | (102) | **245** |
| Change in the present value of the allowance | 0 | 2 | 236 | 159 | **396** |
| Write-off ECL allowance | (0) | (1) | (873) | (14) | **(889)** |
| Write-off of interest recognised from change in the present value of the allowance | (0) | (2) | (321) | (182) | **(505)** |
| FX differences and other movements | (4) | 10 | 67 | 31 | **104** |
| **At 30/6/2018** | **127** | **420** | **8,242** | **982** | **9,771** |

The amounts reported as at 30 June 2018 have been restated due to the completion of the IFRS9 FTA impact assessment by the Group and the Bank.

| Group | Movement in ECL allowance | | | | |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| **ECL allowance as at 1/7/2018** | **127** | **420** | **8,242** | **982** | **9,771** |
| Transfer (to)/ from Held for Sale | 0 | (7) | 462 | 0 | **455** |
| Transfers between stages (net) | (111) | (73) | 184 | - | **(0)** |
| ECL Impairment charge for the period | 120 | (43) | 375 | (166) | **287** |
| Change in the present value of the allowance | 0 | 3 | 242 | 79 | **324** |
| Write-off ECL allowance | (0) | 0 | 260 | 9 | **269** |
| Write-off of interest recognised from change in the present value of the allowance | (0) | (7) | (326) | (91) | **(423)** |
| FX differences and other movements | (106) | (35) | (1,468) | 766 | **(843)** |
| **At 31/12/2018** | **31** | **258** | **7,971** | **1,580** | **9,840** |

| Bank | Movement in ECL allowance | | | | |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| **ECL allowance as at 1/1/2019** | **92** | **233** | **7,511** | **1,586** | **9,422** |
| Transfer (to)/ from Held for Sale | - | (2) | 27 | - | **25** |
| Transfers between stages (net) | 31 | (101) | 70 | - | **0** |
| ECL Impairment charge for the period | (33) | 20 | 333 | 21 | **340** |
| Change in the present value of the allowance | 0 | 1 | 191 | 123 | **315** |
| Write-off ECL allowance | (0) | (6) | (555) | (84) | **(645)** |
| Write-off of interest recognised from change in the present value of the allowance | (0) | (2) | (262) | (139) | **(403)** |
| FX differences and other movements | (30) | (42) | (62) | 58 | **(76)** |
| **At 30/6/2019** | **60** | **102** | **7,253** | **1,564** | **8,979** |

| Bank | Movement in ECL allowance | | | | |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| **ECL allowance as at 1/1/2018** | **114** | **689** | **8,761** | **1,077** | **10,640** |
| Transfer (to)/ from Held for Sale | (0) | (3) | (774) | (0) | **(777)** |
| Transfers between stages (net) | 50 | (191) | 142 | - | **0** |
| ECL Impairment charge for the period | (34) | (106) | 496 | (86) | **270** |
| Change in the present value of the allowance | 0 | 2 | 227 | 155 | **384** |
| Write-off ECL allowance | (0) | (1) | (858) | (14) | **(873)** |
| Write-off of interest recognised from change in the present value of the allowance | (0) | (2) | (307) | (177) | **(486)** |
| FX differences and other movements | 56 | 3 | 37 | 31 | **128** |
| **At 30/6/2018** | **185** | **390** | **7,724** | **986** | **9,286** |

The amounts reported as at 30 June 2018 have been restated due to the completion of the IFRS9 FTA impact assessment by the Group and the Bank.

| Bank | Movement in ECL allowance | | | | |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| **ECL allowance as at 1/7/2018** | **185** | **390** | **7,724** | **986** | **9,286** |
| Transfer (to)/ from Held for Sale | 0 | (7) | 462 | 0 | **455** |
| Transfers between stages (net) | (114) | (84) | 198 | - | **(0)** |
| ECL Impairment charge for the period | 127 | (23) | 367 | (169) | **302** |
| Change in the present value of the allowance | 0 | 3 | 244 | 83 | **330** |
| Write-off ECL allowance | (0) | 0 | 296 | 14 | **310** |
| Write-off of interest recognised from change in the present value of the allowance | (0) | (7) | (327) | (93) | **(427)** |
| FX differences and other movements | (106) | (40) | (1,454) | 766 | **(834)** |
| **At 31/12/2018** | **92** | **233** | **7,511** | **1,586** | **9,422** |

## Loans and advances to customers held for sale

During the third quarter of 2018, the Bank entered into an agreement for the disposal of non-performing and denounced corporate loans, secured with real estate collateral, equivalent to € 110 million total legal claims. On 30 September 2018, the Bank classified these loans as assets held for sale given that all necessary conditions were met as of that date. As of 30 June 2019, the operating segment which includes the respective corporate loans portfolio is PLU and the net book value of these loans amounts to € 39 million.

Furthermore, during the first semester of 2019, the Bank signed an agreement for the disposal of non-performing and denounced corporate and shipping loans, secured with vessels and real estate collaterals, equivalent to € 535 million total legal claims. The agreed consideration amounted to € 240 million and the disposal was completed on July 2019. As of 30 June 2019 the said portfolio is classified as held for sale in a carrying value of € 212 million and presented within the PLU segment.

In March 2019, the Bank completed the disposal of a portfolio of non-performing and denounced corporate loans, secured with ordinary shares of private companies and real estate collaterals, equivalent to € 58 million total legal claims.

## 14 Debt securities at amortised cost

| | Group | | Bank | |
|---|---|---|---|---|
| | 30/6/2019 | 31/12/2018 | 30/6/2019 | 31/12/2018 |
| Greek Government Bonds | 100 | 0 | 100 | 0 |
| Foreign Government Bonds (other than Greek government) | 1,123 | 208 | 1,123 | 208 |
| **Gross carrying amount of debt securities at amortised cost** | **1,223** | **208** | **1,223** | **208** |
| Less: ECL Allowance | (1) | 0 | (1) | 0 |
| **Net carrying amount of debt securities at amortised cost** | **1,222** | **208** | **1,222** | **208** |

Current period's increase in the Group's and the Bank's debt securities measured at amortized cost is attributable to new acquisitions of bonds issued by European governments with an investment objective of holding them in order to collect their contractual cash flows.

## 15 Investments in consolidated companies

The investments of the Group and the Bank in consolidated companies are analysed below:

### A) Subsidiaries (full consolidation method)

| s/n | Name of Company | Activity | Country | Unaudited tax years (1) | Group | Bank |
|---|---|---|---|---|---|---|
| | | | | | % holding | % holding |
| 1. | Piraeus Leasing S.A. | Finance leases | Greece | 2013-2018 | 100.00% | 100.00% |
| 2. | Piraeus Financial Leases S.A. | Finance leases | Greece | 2013-2018 | 100.00% | 100.00% |
| 3. | Geniki Financial & Consulting Services S.A. | Financial & consulting services | Greece | 2012-2018 | 100.00% | 100.00% |
| 4. | Piraeus Securities S.A. | Stock exchange operations | Greece | 2013-2018 | 100.00% | 100.00% |
| 5. | Piraeus Factoring S.A. | Corporate factoring | Greece | 2013-2018 | 100.00% | 100.00% |
| 6. | Piraeus Capital Management S.A. | Venture capital fund | Greece | 2013-2018 | 100.00% | 100.00% |
| 7. | Piraeus Jeremie Technology Catalyst Management S.A. | Management of venture capital fund | Greece | 2013-2018 | 100.00% | - |
| 8. | Hellenic Fund for Sustainable Development | Close End Venture Capital Fund | Greece | - | 65.00% | - |
| 9. | ETVA Fund Management S.A. | Management of venture capital mutual funds | Greece | 2014-2018 | 65.00% | - |
| 10. | Piraeus Asset Management S.A. | Mutual funds management | Greece | 2013-2018 | 100.00% | 100.00% |
| 11. | Piraeus Insurance Agency S.A. | Insurance agency | Greece | 2013-2018 | 100.00% | 100.00% |

| s/n | Name of Company | Activity | Country | Unaudited tax years (1) | Group % holding | Bank % holding |
|---|---|---|---|---|---|---|
| 12. | Geniki Information S.A. | Assessment and collection of commercial debts | Greece | 2013-2018 | 100.00% | 100.00% |
| 13. | DI.VI.PA.KA S.A. | Administrative and managerial body of the Kastoria industrial park | Greece | 2013-2018 | 57.53% | - |
| 14. | ETVA Development S.A. | Investment and development activities, in accordance with the principles of sustainable development | Greece | 2014-2018 | 65.00% | - |
| 15. | ETVA Industrial Parks S.A. | Development/ management of industrial areas | Greece | 2013-2018 | 65.00% | 65.00% |
| 16. | Abies S.A. | Property management | Greece | 2013-2018 | 61.65% | 40.14% |
| 17. | Achaia Clauss Estate S.A. | Property management | Greece | 2013-2018 | 75.49% | 75.49% |
| 18. | Euroterra S.A. | Property management | Greece | 2013-2018 | 62.90% | 42.51% |
| 19. | Kosmopolis A' Shopping Centers S.A. | Shopping center's management | Greece | 2013-2018 | 100.00% | 100.00% |
| 20. | Linklife Food & Entertainment Hall S.A. | Operation of food and entertainment Halls | Greece | 2014-2018 | 100.00% | - |
| 21. | ND Development S.A. | Property management | Greece | 2013-2018 | 100.00% | 100.00% |
| 22. | New Up Dating Development Real Estate and Tourism S.A. | Property, tourism & development company | Greece | 2013-2018 | 100.00% | 100.00% |
| 23. | Picar S.A. | City Link areas management | Greece | 2013-2018 | 100.00% | 100.00% |
| 24. | Property Horizon S.A. | Property management | Greece | 2013-2018 | 100.00% | 100.00% |
| 25. | Rebikat S.A. | Property management | Greece | 2013-2018 | 61.92% | 40.31% |
| 26. | General Construction and Development Co. S.A. | Property development/ holding company | Greece | 2013-2018 | 66.66% | 66.66% |
| 27. | Entropia Ktimatiki S.A. | Property management | Greece | 2013-2018 | 66.70% | - |
| 28. | Euroak S.A. Real Estate | Real estate investment | Greece | 2013-2018 | 53.60% | 53.60% |
| 29. | Komotini Real Estate Development S.A. | Property management | Greece | 2013-2018 | 100.00% | 100.00% |
| 30. | Piraeus Buildings S.A. | Property development | Greece | 2010-2018 | 100.00% | - |
| 31. | Piraeus Development S.A. | Property management | Greece | 2013-2018 | 100.00% | 100.00% |
| 32. | Piraeus Real Estate S.A. | Construction company | Greece | 2013-2018 | 100.00% | 100.00% |
| 33. | Pleiades Estate S.A. | Property management | Greece | 2013-2018 | 100.00% | 100.00% |
| 34. | A.C.T. B.A.S. S.A. | Counseling services for payroll and labour affairs | Greece | 2011-2018 | 100.00% | 100.00% |

| s/n | Name of Company | Activity | Country | Unaudited tax years (1) | Group % holding | Bank % holding |
|---|---|---|---|---|---|---|
| 35. | KPM Energy S.A. | Energy generation and exploitation through renewable energy resources | Greece | 2013-2018 | 100.00% | - |
| 36. | Mille Fin S.A. | Vehicle Trading | Greece | 2013-2018 | 100.00% | 100.00% |
| 37. | Multicollection S.A. | Assessment and collection of commercial debts | Greece | 2009-2018 | 51.00% | 51.00% |
| 38. | Piraeus Direct Solutions S.A. | Financial - telecommunication & IT services | Greece | 2013-2018 | 100.00% | 100.00% |
| 39. | Zibeno I Energy S.A. | Energy generation through renewable energy resources | Greece | 2015-2018 | 83.00% | - |
| 40. | Centre of Sustainable Entrepreneurship Excelixi S.A. | Consulting Services - Hotel - Training & Seminars | Greece | 2013-2018 | 100.00% | 100.00% |
| 41. | PROSPECT M.C.P.Y. | Yachting management | Greece | - | 100.00% | - |
| 42. | Anemos Ipirou Anonymi Energeiaki Etaireia | The exploitation of wind energy park in Greece. | Greece | 2011-2018 | 100.00% | - |
| 43. | Aioliki Mbeleheri S.A. | The exploitation of wind energy park in Greece and the holding of investments with similar activities. | Greece | 2011-2018 | 100.00% | - |
| 44. | Aiolikon Parko Artas Aetoi E.E. | The exploitation of wind energy park in Greece | Greece | 2011-2018 | 100.00% | - |
| 45. | Aiolikon Parko Evritanias Morforahi E.E. | The exploitation of wind energy park in Greece | Greece | 2011-2018 | 100.00% | - |
| 46. | Aiolikon Parko Evritanias Ouranos E.E. | The exploitation of wind energy park in Greece | Greece | 2011-2018 | 100.00% | - |
| 47. | DMX Aioliki Marmariou - Agathi LLP | The exploitation of wind energy park in Greece | Greece | 2011-2018 | 100.00% | - |
| 48. | DMX Aioliki Marmariou - Rigani LLP | The exploitation of wind energy park in Greece | Greece | 2011-2018 | 100.00% | - |
| 49. | DMX Aioliko Parko Rodopi 2 E.E. | The exploitation of wind energy park in Greece | Greece | 2011-2018 | 100.00% | - |
| 50. | Thriacio Logistics Center S.A. | Logistic Center | Greece | - | 52.00% | - |
| 51. | Tirana Leasing Sh.A. | Finance leases | Albania | 2016-2018 | 100.00% | 100.00% |
| 52. | Cielo Consultancy Sh.P.K. | Holding and investment company | Albania | 2014-2018 | 99.09% | - |
| 53. | Beta Asset Management EOOD | Rent and management of real estate | Bulgaria | 2013-2018 | 100.00% | - |
| 54. | Bulfina E.A.D. | Property management | Bulgaria | 2008-2018 | 100.00% | 100.00% |
| 55. | Bulfinace E.A.D. | Property Management | Bulgaria | 2008-2018 | 100.00% | - |

| s/n | Name of Company | Activity | Country | Unaudited tax years (1) | Group % holding | Bank % holding |
|---|---|---|---|---|---|---|
| 56. | Delta Asset Management EOOD | Real Estate Development | Bulgaria | 2015-2018 | 100.00% | - |
| 57. | Gama Asset Management EOOD | Real Estate Development | Bulgaria | 2015-2018 | 100.00% | - |
| 58. | Piraeus Real Estate Bulgaria EOOD | Construction company | Bulgaria | 2007-2018 | 100.00% | - |
| 59. | Varna Asset Management EOOD | Real estate development | Bulgaria | 2014-2018 | 100.00% | - |
| 60. | Asset Management Bulgaria EOOD | Travel - rental services and property management | Bulgaria | 2012-2018 | 100.00% | - |
| 61. | Besticar Bulgaria EOOD | Collects receivables | Bulgaria | 2012-2018 | 100.00% | - |
| 62. | Besticar EOOD | Collects receivables from problematic clients | Bulgaria | 2012-2018 | 100.00% | - |
| 63. | Emerald Investments EOOD | Property management | Bulgaria | 2018 | 100.00% | - |
| 64. | Piraeus Nedvizhimi Imoti EOOD | Real Estate Development | Bulgaria | - | 100.00% | - |
| 65. | Piraeus Equity Investment Management Ltd | Investment management | Cyprus | 2012-2018 | 100.00% | - |
| 66. | Arigeo Energy Holdings Ltd | Holding company in renewable energy | Cyprus | 2013-2018 | 100.00% | - |
| 67. | Euroinvestment & Finance Public Ltd | Asset management, real estate operations | Cyprus | 2008-2018 | 90.85% | 90.85% |
| 68. | Piraeus Clean Energy Holdings Ltd | Holding Company | Cyprus | 2013-2018 | 100.00% | - |
| 69. | Piraeus Equity Partners Ltd | Holding company | Cyprus | 2013-2018 | 100.00% | 100.00% |
| 70. | Piraeus Renewable Investments Limited | Holding company | Cyprus | 2016-2018 | 100.00% | - |
| 71. | PRI WIND I Limited | Holding company | Cyprus | 2016-2018 | 100.00% | - |
| 72. | PRI WIND II Limited | Holding company | Cyprus | 2016-2018 | 100.00% | - |
| 73. | PRI WIND III Limited | Holding company | Cyprus | 2016-2018 | 100.00% | - |
| 74. | R.E. Anodus Two Ltd | Holding and investment company | Cyprus | 2013-2018 | 99.09% | 99.09% |
| 75. | Tellurion Ltd | Holding company | Cyprus | 2013-2018 | 100.00% | 100.00% |
| 76. | Tellurion Two Ltd | Holding company | Cyprus | 2013-2018 | 99.09% | - |
| 77. | Trieris Two Real Estate Ltd | Holding, Investment and Real Estate Portfolio Management | Cyprus | 2011-2018 | 100.00% | 100.00% |
| 78. | Zibeno Investments Ltd | Holding Company | Cyprus | 2013-2018 | 83.00% | - |
| 79. | O.F. Investments Ltd | Investment company | Cyprus | 2013-2018 | 100.00% | - |

| s/n | Name of Company | Activity | Country | Unaudited tax years (1) | Group | Bank |
|---|---|---|---|---|---|---|
| | | | | | % holding | % holding |
| 80. | R.E. Anodus Ltd | Consultancy services for real estate development and investments | Cyprus | 2009-2018 | 100.00% | 100.00% |
| 81. | Lakkos Mikelli Real Estate Ltd | Property management | Cyprus | 2009-2018 | 50.66% | 40.00% |
| 82. | Philoktimatiki Public Ltd | Land and property development | Cyprus | 2015-2018 | 53.29% | 6.39% |
| 83. | Piraeus Clean Energy GP Ltd | General partner of Piraeus Clean Energy LP | Cyprus | 2012-2018 | 100.00% | - |
| 84. | Piraeus Equity Advisors Ltd | Investment advice | Cyprus | 2012-2018 | 100.00% | - |
| 85. | Sunholdings Properties Company Ltd | Land and property development | Cyprus | 2008-2018 | 26.65% | - |
| 86. | Philoktimatiki Ergoliptiki Ltd | Construction company | Cyprus | 2015-2018 | 53.29% | - |
| 87. | WH South Wind Hellas Ltd | The holding of investments in Renewable Energy Sector in Greece | Cyprus | 2016-2018 | 100.00% | - |
| 88. | Emadierio Solar Energy & Investments Ltd | The exploitation of wind energy park in Greece | Cyprus | 2016-2018 | 100.00% | - |
| 89. | Josharton Ltd | Holding of investments | Cyprus | 2016-2018 | 100.00% | - |
| 90. | JSC Piraeus Bank ICB | Banking activities | Ukraine | - | 99.99% | 99.99% |
| 91. | Akinita Ukraine LLC | Real estate development | Ukraine | 2014-2018 | 100.00% | - |
| 92. | Sinitem LLC | Sale and purchase of real estate | Ukraine | 2013-2018 | 99.94% | - |
| 93. | Solum Enterprise LLC | Property management | Ukraine | 2012-2018 | 99.94% | - |
| 94. | Solum Limited Liability Company | Property management | Ukraine | 2018 | 99.94% | - |
| 95. | Piraeus Leasing Romania S.A. | Monitoring and collection services for loans disbursed by the company | Romania | 2003-2018 | 100.00% | 100.00% |
| 96. | Daphne Real Estate Consultancy SRL | Real estate development | Romania | 2014-2018 | 99.09% | - |
| 97. | Priam Business Consultancy SRL | Real estate development | Romania | 2014-2018 | 99.18% | - |
| 98. | Proiect Season Residence SRL | Real estate development | Romania | 2012-2018 | 100.00% | - |
| 99. | R.E. Anodus SRL | Real Estate development | Romania | 2013-2018 | 99.09% | - |
| 100. | Rhesus Development Projects SRL | Real estate development | Romania | 2014-2018 | 99.09% | - |

| s/n | Name of Company | Activity | Country | Unaudited tax years (1) | Group | Bank |
|---|---|---|---|---|---|---|
| | | | | | % holding | % holding |
| 101. | Piraeus Real Estate Consultants SRL | Construction company | Romania | 2015-2018 | 100.00% | - |
| 102. | Piraeus Rent Doo Beograd | Operating Leases | Serbia | 2007-2018 | 100.00% | 100.00% |
| 103. | Piraeus Real Estate Egypt LLC | Property management | Egypt | 2011-2018 | 100.00% | 99.90% |
| 104. | Trieris Real Estate Management Ltd | Management of Trieris Real Estate Ltd | British Virgin Islands | - | 100.00% | 100.00% |
| 105. | Marathon 1 Greenvale Rd LLC | Real estate development | U.S.A. | 2012-2018 | 99.95% | 99.95% |
| 106. | Piraeus Group Capital Ltd | Debt securities issue | United Kingdom | - | 100.00% | 100.00% |
| 107. | Piraeus Group Finance PLC | Debt securities issue | United Kingdom | - | 100.00% | 100.00% |
| 108. | Axia Finance III PLC | SPE for securitization of corporate loans | United Kingdom | - | - | - |
| 109. | Axia Finance PLC | SPE for securitization of corporate loans | United Kingdom | - | - | - |
| 110. | Axia III APC LIMITED | SPE for securitization of corporate loans | United Kingdom | - | - | - |
| 111. | Estia Mortgage Finance PLC | SPE for securitization of mortgage loans | United Kingdom | - | - | - |
| 112. | Estia Mortgage Finance II PLC | SPE for securitization of mortgage loans | United Kingdom | - | - | - |
| 113. | Kion Mortgage Finance PLC | SPE for securitization of mortgage loans | United Kingdom | - | - | - |
| 114. | Praxis I Finance PLC | SPE for securitization of consumer loans | United Kingdom | - | - | - |
| 115. | Praxis II APC LIMITED | SPE for securitization of consumer loans | United Kingdom | - | - | - |
| 116. | Praxis II Finance PLC | SPE for securitization of consumer loans | United Kingdom | - | - | - |
| 117. | Piraeus Asset Management Europe S.A. | Mutual funds management | Luxemburg | - | 100.00% | 99.94% |
| 118. | IMITHEA S.A. (2) | Organization, operation and management of hospital units | Greece | 2013-2018 | 100.00% | 100.00% |

Note (1): In accordance with Circular 1034/2016 and the cancelation of the 18 months date, in order to define the fiscal years 2011, 2012 & 2013 as tax audited, a tax audit may occur in the Greek companies mentioned above, if they meet the selective audit criteria that the Ministry of Finance sets, under the provision of Law 3842/2010, Article 80.

Note (2): Classified as a discontinued operation (see Note 8).

The subsidiaries duly numbered 108 - 116 are special purpose vehicles for securitization of loans and advances to customers and issuance of debt securities. The subsidiary duly numbered 85 although presenting less than 50.00% shareholding, is included in the Group's subsidiaries' portfolio due to majority presence in the Board of Directors of the company.

Furthermore, as at 30 June 2019 the subsidiaries duly numbered 30, 36-37, 51, 65 and 100-101 were under liquidation.

A total of 6 subsidiaries, that in aggregate are immaterial to the Group's financial position and results of operations, are not consolidated but recognized at cost. The subsidiaries recognized at cost are as follows: a) «Hellenic Information Systems HIS S.A. », b) «The Museum Ltd.», c) «Procas Holding Ltd», d) «Axia III Holdings Ltd.», e) «Praxis II Holdings Ltd.» and f) «Kion Holdings Ltd.». The consolidation of the above mentioned companies would not have a significant effect on the Consolidated Statement of Financial Position and Consolidated Income Statement since the sum of total net income, the sum of total equity and the sum of total assets of the abovementioned companies comprises less than 0.01% of the Group's respective balances, based on their most recent financial statements.

### Annual Financial Statements of Subsidiaries

The Annual Financial Statements of the Group's subsidiaries for the year ended 31 December 2018 which were finalized prior to the date of the issuance of the Interim Financial Statements, are available on the web site of Piraeus Bank at www.piraeusbankgroup.com in the section Investor Relations, in the subsection Financial Data - Financial Statements - Consolidated Companies. The Annual Financial Statements of the Group's remaining subsidiaries will be available on the web site of Piraeus Bank once finalized.

## B) Associates and joint ventures (equity method investments)

### Associates

The Group and the Bank's associates accounted for using the equity method are the following:

| s/n | Name of Company | Activity | Country | Unaudited tax years (1) | Group | Bank |
|---|---|---|---|---|---|---|
| | | | | | % Holding | % Holding |
| 1 | Piraeus - TANEO Capital Fund | Close end Venture capital fund | Greece | - | 50.01% | 50.01% |
| 2 | PJ Tech Catalyst Fund | Close end Venture capital fund | Greece | - | 30.00% | - |
| 3 | APE Commercial Property Real Estate Tourist and Development S.A. | Holding company | Greece | 2013-2018 | 27.80% | 27.80% |
| 4 | Marfin Investment Group Holdings S.A. | Holding company | Greece | 2013-2018 | 31.34% | 31.19% |
| 5 | Omicron Cyclos Ena Symmetohiki S.A. (former Sciens International Investments & Holding S.A.) | Holding company | Greece | 2013-2018 | 28.10% | 28.10% |

| s/n | Name of Company | Activity | Country | Unaudited tax years (1) | Group | Bank |
|---|---|---|---|---|---|---|
| | | | | | % Holding | % Holding |
| 6 | APE Fixed Assets Real Estate Tourist and Development S.A. | Real estate, development/ tourist services | Greece | 2013-2018 | 27.80% | 27.80% |
| 7 | APE Investment Property S.A. | Real estate, development/ tourist services | Greece | 2013-2018 | 28.92% | 28.92% |
| 8 | Olganos Real Estate S.A. | Property management/electricity production from hydropower stations | Greece | 2014-2018 | 32.27% | 32.27% |
| 9 | Pyrrichos S.A. | Property management | Greece | 2013-2018 | 50.77% | 50.77% |
| 10 | Exodus S.A. | Information technology & software | Greece | 2013-2018 | 49.90% | 49.90% |
| 11 | Evros' Development Company S.A. | European community programs management | Greece | 2010-2018 | 30.00% | 30.00% |
| 12 | Gaia S.A. | Software services | Greece | 2015-2018 | 26.00% | - |
| 13 | Crete Scient. & Tech. Park Manag. & Dev. Co. S.A. | Scientific and technology park management | Greece | 2013-2018 | 30.45% | 30.45% |
| 14 | Selonda Aquaculture S.A. | Fish farming | Greece | 2013-2018 | 32.92% | 32.92% |
| 15 | Nireus Aquaculture S.A. | Fish farming | Greece | 2013-2018 | 32.23% | 24.55% |
| 16 | Teiresias S.A. | Interbanking company of development, operation and management of information systems | Greece | 2013-2018 | 23.53% | 23.53% |
| 17 | Trastor Real Estate Investment Company | Real estate investment property | Greece | 2013-2018 | 39.39% | 39.39% |
| 18 | Pireaus Direct Services S.A. | Support and e-commerce services, trade of time renewal cards | Greece | 2013-2018 | 49.90% | 49.90% |
| 19 | Trieris Real Estate Ltd | Property management | British Virgin Islands | - | 32.37% | 32.37% |
| 20 | Exus Software Ltd | IT products retailer | United Kingdom | 2018 | 49.90% | 49.90% |

Note (1): In accordance with Circular 1034/2016 and the cancelation of the 18 months date, in order to define the fiscal years 2011, 2012 & 2013 as tax audited, a tax audit may occur in the Greek companies mentioned above, if they meet the selective audit criteria that the Ministry of Finance sets, under the provision of Greek Law 3842/2010, Article 80.

The Group exercises significant influence but does not control any of the companies listed above. This holds even for the companies dully numbered 1 and 9, where the Group's shareholding and voting rights exceed 50%.

The associate company NGP Plastic S.A., that is immaterial to the Group's financial position and results of operations, is not consolidated but recognised at cost. This immaterial associate accounted for less than 0.6% of Group total net income, less than 0.02% of Group total equity and less than 0.04% of Group total assets, based on the most recent financial statements obtained.

The changes in the portfolio of consolidated companies are presented in Note 25.

**Joint ventures**

The Group's and the Bank's joint ventures, accounting for using the equity method, are the following:

| s/n | Name of Company | Activity | Country | Unaudited tax years (1) | Group | Bank |
|---|---|---|---|---|---|---|
| | | | | | % Holding | % Holding |
| 1 | AEP Elaiona S.A. | Property management | Greece | 2012-2018 | 50.00% | - |
| 2 | Peirga Kythnou P.C. | Real estate | Greece | - | 50.00% | 50.00% |

Note (1): In accordance with Circular 1034/2016 and the cancelation of the 18 months date, in order to define the fiscal years 2011, 2012 & 2013 as tax audited, a tax audit may occur in the companies mentioned above, if they meet the selective audit criteria that the Ministry of Finance sets, under the provision of Greek Law 3842/2010, Article 80.

## 16 Due to credit institutions

Due to credit institutions as at 30 June 2019 of € 3,781 million for the Group and € 3,709 million for the Bank, include refinancing operations from the Eurosystem through repurchase agreements amounting to € 1,000 million and € 3,200 million as at 30 June 2019 and 31 December 2018, respectively, for both the Group and the Bank. The decrease in ECB refinancing is mainly due to deleveraging of the loan portfolio and increase in customer deposits.

## 17 Due to customers

| | Group | | Bank | |
|---|---|---|---|---|
| | 30/6/2019 | 31/12/2018 | 30/6/2019 | 31/12/2018 |
| **Corporate** | | | | |
| Current and sight deposits | 8,018 | 8,019 | 8,167 | 8,130 |
| Term deposits | 3,461 | 3,665 | 3,570 | 3,761 |
| Guarantee deposits and other accounts | 240 | 245 | 240 | 245 |
| **Total (A)** | **11,719** | **11,928** | **11,977** | **12,136** |
| **Retail** | | | | |
| Current and sight deposits | 3,876 | 3,618 | 3,859 | 3,604 |
| Saving accounts | 15,251 | 15,323 | 15,247 | 15,320 |
| Term deposits | 13,940 | 13,737 | 13,926 | 13,727 |
| Blocked deposits, guarantee deposits and other accounts | 25 | 32 | 25 | 32 |
| **Total (B)** | **33,092** | **32,711** | **33,058** | **32,683** |
| **Cheques payable and remittances (C)** | **79** | **100** | **79** | **100** |
| **Total Due to customers (A)+(B)+(C)** | **44,890** | **44,739** | **45,114** | **44,919** |

## 18 Debt securities in issue

As at 30 June 2019 and 31 December 2018, the debt securities in issue of the Group and the Bank are the following:

**A) Securitisation of mortgage loans**

| | Average Interest rate (%) | Group | | Bank | |
|---|---|---|---|---|---|
| | | 30/6/2019 | 31/12/2018 | 30/6/2019 | 31/12/2018 |
| Issuance € 750 million floating rate notes due 2040 | 3M Euribor+0.70% | 10 | 10 | 10 | 10 |
| Issuance € 1,250 million floating rate notes due 2054 | 3M Euribor+0.70% | 29 | 34 | 29 | 34 |
| Issuance € 600 million floating rate notes due 2051 | 3M Euribor+0.57% | 13 | 13 | 13 | 13 |
| **Total debt securities in issue** | | **51** | **58** | **51** | **58** |

The Bank had originally placed with the market three securitizations backed by residential mortgages with a total size of € 2,600 million (issuance of € 750 million, € 1,250 million and € 600 million respectively). The initial outstanding amount has been amortized due to mortgage repayments, while the current outstanding amount of all three securitisations stands at € 663 million (31 December 2018: € 694 million).

From the abovementioned securitisation of mortgage loan issues, both the Group and the Bank possess as at 30 June 2019 bonds of nominal value amounting to a) € 76 million (31 December 2018: € 81 million) from the issuance of € 750 million, b) € 512 million (31 December 2018: € 529 million) from the issuance of € 1,250 million and c) € 24 million (31 December 2018: € 26 million) from the issuance of € 600 million.

During the period ended 30 June 2019, the Bank repurchased securitized notes of a nominal value of € 4 million.

**B) Covered Bonds**

| | Interest rate (%) | Group | | Bank | |
|---|---|---|---|---|---|
| | | 30/6/2019 | 31/12/2018 | 30/6/2019 | 31/12/2018 |
| Issuance € 500 million floating rate notes due 2022 | 3M Euribor+2.50% | 471 | 471 | 471 | 471 |
| **Total covered bonds** | | **471** | **471** | **471** | **471** |

From the abovementioned Covered Bond Series of € 500 million, due in October 2022, issued in October 2017 and privately placed with international investors, both the Group and the Bank possess as at 30 June 2019 bonds of nominal value amounting to € 30 million (31 December 2018: € 30 million).

**C) Debt securities' issuances retained by Piraeus Bank**

Apart from the debt securities in the table above, as at 30 June 2019 liabilities arising from securitisations of loans are retained by the Group and the Bank. These issues are the first and third securitisation of corporate loans in the amount of € 1,750 million and € 2,352 million respectively, as well as the first and second consumer loan backed securitisation of € 725 million and € 558 million respectively.

On 20 July 2017, the Bank proceeded with the partial cancellation of the first securitisation of corporate loans, reducing its outstanding balance from € 1,750 million to € 250 million, and on 27 November 2017 proceeded with the partial cancellation of the third securitisation of corporate loans, reducing its outstanding balance from € 2,352 million to € 235 million.

As at 30 June 2019, a total amount of € 4,030 million (31 December 2018: 4,030 million) of covered bonds issued by Piraeus

Bank, are retained by the Group and the Bank. These issues are the covered bond Series 3, with an original amount of € 1,000 million, due November 2019 (original maturity February 2018), the covered bond Series 5, with an original amount of € 1,000 million, due November 2020 (original maturity May 2019), the covered bond Series 6, with an original amount of € 1,000 million, due January 2021 (original maturity July 2019), and the covered bond Series 7, with an original amount of € 1,000 million, due February 2020, which are fully retained. Furthermore, the Group and the Bank possess covered bonds of nominal value amounting to € 30 million from the issuance of € 500 million, due October 2022 (Series 4).

**D) Medium Term Senior Unsecured Notes**

Senior Unsecured Notes are issued under the Euro Medium Term Note program, either directly through the Bank or through Piraeus Group Finance PLC, a subsidiary of Piraeus Bank, bearing the guarantee of the Bank.

The Bank has not issued any Senior Unsecured bonds under its EMTN Program during the period ended as at 30 June 2019.

## 19 Other borrowed funds

| | Group | | Bank | |
|---|---|---|---|---|
| | 30/6/2019 | 31/12/2018 | 30/6/2019 | 31/12/2018 |
| Subordinated notes - fixed rate | 395 | - | - | - |
| Loans - fixed rate | - | - | 395 | - |
| **Total** | **395** | **0** | **395** | **0** |

On 26 June 2019, Piraeus Group Finance PLC issued the Tier II Note of nominal value of € 400 million, maturing in June 2029. The Tier II Note was issued under the EMTN Programme, is guaranteed by the Bank, bears an annual fixed interest rate of 9.75% for the first 5 years and thereafter has a one time reset at the prevailing 5 year mid swap rate plus 9.952%. The Tier II Note may be redeemed at par in whole by Piraeus Group Finance PLC on 26 June 2024, subject to prior regulatory authorization. The Bank's fixed rate loans refers to the funds transferred to the Bank under loan agreement with Piraeus Group Finance PLC, representing the proceeds of the Tier II Note issued by the latter.

During the period ended 30 June 2019, the Group and the Bank did not repurchase any Tier II Notes.

## 20 Lease liabilities

The table below presents the contractual undiscounted cash flows of the Group's and the Bank's gross lease liabilities. The Group has elected to take a recognition exemption for short-term leases, hence the analysis below does not include any leases with a residual term lower than 12 months as of 1 January 2019.

| | Group | | Bank | |
|---|---|---|---|---|
| | 30/6/2019 | 1/1/2019 | 30/6/2019 | 1/1/2019 |
| Up to 1 year | 32 | 32 | 28 | 29 |
| From 1 to 5 years | 93 | 96 | 85 | 89 |
| More than 5 years | 56 | 65 | 60 | 68 |
| **Total undiscounted gross liabilities** | **181** | **192** | **173** | **186** |

As at 30 June 2019 the present value of lease liabilities amounts to € 148 million for the Group (1 January 2019: € 157 million) and to € 156 million for the Bank (1 January 2019: 167 million).

Lease liabilities are included in line item "Other liabilities". Refer to Note 28 for more details on the impact of the first time adoption of IFRS 16 as at 1 January 2019.

## 21 Contingent liabilities, assets pledged, transfers of financial assets and commitments

### 21.1 Legal proceedings

In the context of the ordinary course of business, the Group and the Bank are defendants in claims and legal actions. In relation to pending legal proceedings for which no provision has been recognised in the Interim Financial Statements, Management is currently unable to estimate the possible losses as:

a) the proceedings are either in early stages or are long outstanding without any certainty of the likelihood and magnitude of the final outcome, or

b) there are significant pending legal issues to be resolved that might significantly change such an assessment.

However, based on Management's judgement and after consultation with the Group's and the Bank's Legal Counsels Department, the ultimate disposition of these matters is not expected to have a material adverse effect on the Interim Statement of Financial Position, Interim Income Statement and Interim Cash Flow Statement of the Group and the Bank. As at 30 June 2019, Management estimated provision for cases under litigation for which a reliable estimation could be made for the Group and the Bank amounting to € 33 million and € 27 million (31 December 2018: € 35 million and € 28 million respectively).

### 21.2 Pending tax audits

The Bank has been audited by the tax authorities up to and including the year 2010.

For the fiscal years 2011 - 2016, tax audits were required for the Bank and all Greek Societe Anonyme Companies. Such tax audits were conducted by the statutory auditors under Greek Law 2190/1920 according to article 82 of Greek Law 2238/1994 and article 65A of Greek Law 4174/2013 as were in force.

From 2016 onwards the requirement to obtain a tax audit became optional, however Management has opted for the Bank and the Group's Greek subsidiaries to continue to obtain the Tax Audit Certificate from the respective statutory auditors. The Tax Administration retains its right to proceed with a tax audit, within the applicable statute of limitations in accordance with article 36 of Greek Law 4174/2013.

In accordance with the article 82 para. 5 of Greek Law 2238/1994, the tax audits of the Bank, conducted by PricewaterhouseCoopers S.A. for the fiscal years of 2011 and 2012, have been completed and unqualified Tax Audit Certificates have been issued.

The tax audit for the fiscal year 2013 has been completed by PricewaterhouseCoopers S.A. and a relevant Tax Audit Certificate has been issued and submitted to the Ministry of Finance. For the fiscal year 2013, Piraeus Bank has received a Tax Audit Certificate with an emphasis of matter on the applicable provisions of Greek Tax Law regarding the acquisition of assets and liabilities of Greek branches of credit institutions domiciled in other countries members of the European Union, according to which the above-mentioned transactions are not subject to tax.

For the fiscal years 2014, 2015 and 2016, the tax audits of the Bank was conducted by PricewaterhouseCoopers S.A have been completed and an unqualified Tax Audit Certificates has been issued. For the fiscal year 2017, the tax audit of the Bank was conducted by Deloitte Certified Public Accountants S.A. and an unqualified Tax Audits Certificate has been issued. For the fiscal year 2018, the tax audit is in progress and is carried out by the Bank's statutory auditor, Deloitte Certified Public Accountants S.A.

Regarding the subsidiaries of the Group that are incorporated in Greece and for which Management has elected optionally to obtain the Tax Certificate based on Greek Law article 65a of Greek Law 4174/2013 the tax audits of these entities for the year 2017 have been completed and the relevant Tax Audit Certificates have been issued, whereas for the year 2018 the tax audits are still in progress by the statutory auditors and have not been completed yet.

The unaudited tax years of the Group's subsidiaries, associates and joint ventures, are included in Note 15 of the Interim Financial Statements and therefore their tax liabilities for these years have not been finalized.

The Tax Authorities have not yet audited all subsidiaries financial years and accordingly to their tax positions for those years may not be considered as final.

Additional taxes and penalties may be imposed, as a result of such tax audits performed by the tax authorities, although it is not expected to have a material effect on the Group's and the Bank's Statement of Financial Position.

### 21.3 Credit commitments

In the normal course of business, the Group and the Bank enter into contractual credit commitments towards its customers to facilitate their financing needs or obligations. Due to their nature, the credit commitments are treated as off-balance sheet items. These credit commitments consist of Letters of Guarantees, Letters of Credit and irrevocable undrawn committed credit facilities. Typically, Letters of guarantee and Letters of credit ensure payment to a third party for a customer's trade transactions or guarantee the performance of a customer to a third party. Irrevocable undrawn committed credit facilities are agreements to lend to a customer as long as there is no violation of the conditions established in the contract. The Group and the Bank, in measuring the credit risk of these Credit commitments, applies the same Credit Policy, approval process and monitoring procedures as those applied for the Loans and advances to customers at amortised cost.

As at 30 June 2019 the Group and the Bank had undertaken the following credit commitments:

| | Group | | Bank | |
|---|---|---|---|---|
| | 30/6/2019 | 31/12/2018 | 30/6/2019 | 31/12/2018 |
| Financial guarantees | 2,956 | 2,788 | 3,171 | 3,012 |
| Letters of credit | 28 | 33 | 27 | 32 |
| Irrevocable undrawn credit commitments | 467 | 469 | 465 | 513 |
| **Total commitments** | **3,450** | **3,290** | **3,664** | **3,556** |

Irrevocable undrawn committed credit facilities as at 30 June 2019 are included in the Risk Weighted Assets calculation for capital adequacy purposes under regulatory rules currently in force. It should be noted, that ECL allowance is measured for Letters of guarantee, Letters of credit and Irrevocable undrawn credit commitments.

The allowance for expected credit losses on Credit commitments recognized according to IFRS 9 as at 30 June 2019 amounts to € 125 million and € 126 million, for the Group and the Bank respectively (31 December 2018: € 131 million and € 132 million for the Group and the Bank respectively) and is included in line "Other provisions" of the Interim Statement of Financial Position.

### 21.4 Assets pledged

| | Group | | Bank | |
|---|---|---|---|---|
| | 30/6/2019 | 31/12/2018 | 30/6/2019 | 31/12/2018 |
| Loans and advances to credit institutions | 751 | 646 | 751 | 646 |
| Loans and advances to customers | 1,420 | 1,841 | 1,420 | 1,841 |
| Financial assets at fair value through other comprehensive income | 539 | 39 | 539 | 39 |
| Debt securities at amortised cost | 34 | 5 | 34 | 5 |
| Other assets | 29 | 29 | 29 | 29 |
| | **2,773** | **2,560** | **2,773** | **2,560** |

The above-mentioned pledged assets are mainly used either for drawing liquidity through the Eurosystem under the general terms applying to such agreements and for margins for a) derivative transactions for which there are ISDA (International Swaps and Derivatives Association) contracts and CSA (Credit Support Annex) contracts, and b) repo transactions covered by GMRA (Global Master Repurchase Agreement) contracts.

In the context of the interbank repurchase agreement (repo) transactions, securities of a total nominal value of € 2,712 million for both the Group and the Bank (31 December 2018: € 2,178 million and € 2,368 million for the Group and the Bank respectively) are used for liquidity purposes. The above total includes, Greek government securities of nominal value € 1,075 million for both the Group and the Bank (31 December 2018: € 1,204 million and € 1,394 million for the Group and the Bank respectively) and own issue debt securities of nominal value € 505 million for both the Group and the Bank (31 December 2018: € 622 million for both the Group and the Bank).

On 30 June 2019, further to the above assets pledged, both the Group and the Bank have blocked financial assets amounting to € 168 million (31 December 2018: € 168 million for both the Group and the Bank), which are included in line “Loans and advances to credit institutions” in the context of guarantee against the default of the Greek State.

It is also noted that the "Loans and advances to customers" that are presented in the above table, have been pledged under financing from the ECB.

## 22 Share capital and contingent convertible bonds

| | Bank | | | | | Group |
|---|---|---|---|---|---|---|
| | Share Capital | Share Premium | Contingent convertible bonds | Total | Treasury Shares | Total |
| **Opening balance at 1/1/2018** | **2,620** | **13,075** | **2,040** | **17,735** | **(1)** | **17,734** |
| Purchases/ sales of treasury shares | - | - | - | - | 0 | 0 |
| **Balance at 31/12/2018** | **2,620** | **13,075** | **2,040** | **17,735** | **(1)** | **17,734** |
| | | | | | | |
| **Opening balance at 1/1/2019** | **2,620** | **13,075** | **2,040** | **17,735** | **(1)** | **17,734** |
| Purchases/ sales of treasury shares | - | - | - | - | (0) | (0) |
| **Balance at 30/6/2019** | **2,620** | **13,075** | **2,040** | **17,735** | **(1)** | **17,734** |

| | Number of shares | | |
|---|---|---|---|
| | Bank | | Group |
| | Issued shares | Treasury shares | Net number of shares |
| **Opening balance at 1/1/2018** | **436,659,164** | **(191,669)** | **436,467,495** |
| Purchases of treasury shares | - | (4,707,405) | (4,707,405) |
| Sales of treasury shares | - | 4,530,947 | 4,530,947 |
| **Balance at 31/12/2018** | **436,659,164** | **(368,127)** | **436,291,037** |
| | | | |
| **Opening balance at 1/1/2019** | **436,659,164** | **(368,127)** | **436,291,037** |
| Purchases of treasury shares | - | (3,954,243) | (3,954,243) |
| Sales of treasury shares | - | 4,033,641 | 4,033,641 |
| **Balance at 30/6/2019** | **436,659,164** | **(288,729)** | **436,370,435** |

The Bank's share capital as at 30 June 2019 and 31 December 2018 amounted to € 2,619,954,984 divided into 436,659,164 ordinary registered shares with a nominal value of € 6.00 each.

In addition, the contingent convertible bonds of the Bank that were issued in the context of the share capital increase completed in December 2015 and were covered exclusively by the HFSF with bonds issued by the ESM, on 30 June 2019 and 31 December 2018 corresponded to the amount of € 2,040 million.

The main terms of the contingent convertible bonds are summarised as follows:

- If the CET1 ratio of the Bank, calculated on a separate or a consolidated basis falls below 7%, the contingent convertible bonds will be mandatorily converted into ordinary shares and the number of ordinary shares to be issued to each holder shall be determined by dividing 116% of the initial nominal amount of the outstanding contingent convertible bonds held, by the conversion price.

- The contingent convertible bonds are interest bearing with an annual rate of 8%, payable annually on an accrual basis. Interest Payments (whether in whole or in part) are left to the discretion of the Bank's Board of Directors. Any interest which is so cancelled shall not accumulate or be payable at any future time. The cancellation of interest does not constitute a default in payment or otherwise under the terms of the Bonds. In case the Bank does not make any of the scheduled interest payments in full on the relevant interest payment date, no dividend shall be paid on ordinary shares until the Bank resumes payment of interest.

- The contingent convertible bonds are mandatorily converted into ordinary shares, if interest payments are not paid by the Bank in whole or partially in two interest payment dates (not necessarily consecutive), excluding for this purpose any interest satisfied through the issuance of common shares in lieu of payment in cash.

The contingent convertible bonds do not have a fixed redemption date.

On 30 June 2019, contingent convertible bonds form part of the Bank's equity, as all the relevant criteria in the provisions of IAS 32 “Financial Instruments: Presentation” are met.

Finally, pursuant to par. 1, art. 16C of Law 3864/2010, the acquisition of treasury shares by the Bank is not permitted, without the approval of the HFSF, for as long as the HFSF is a shareholder of the Bank. The purchases and sales of treasury shares during 2018 and first semester 2019, as well as the treasury shares owned as at 30 June 2019 and 31 December 2018, are related to transactions that are carried out by the Group’s subsidiary Piraeus Securities S.A. through its activities which are derived from its role as a market maker.

## 23 Other reserves and retained earnings

| | Group | | Bank | |
|---|---|---|---|---|
| | 30/6/2019 | 31/12/2018 | 30/6/2019 | 31/12/2018 |
| Legal reserve | 84 | 108 | 69 | 69 |
| Extraordinary reserve | 0 | 0 | - | - |
| Reserve from financial assets measured at FVTOCI | 185 | 97 | 185 | 93 |
| Currency translation reserve | (59) | (59) | - | - |
| Reserve of defined benefit obligations | (27) | (27) | (27) | (27) |
| Other reserves | 44 | 36 | 27 | 27 |
| **Total other reserves** | **227** | **155** | **254** | **163** |
| **Retained earnings** | **(10,425)** | **(10,499)** | **(10,313)** | **(10,343)** |

| Other reserves movement | Group | | Bank | |
|---|---|---|---|---|
| | 30/6/2019 | 31/12/2018 | 30/6/2019 | 31/12/2018 |
| **Opening balance** | **155** | **51** | **163** | **186** |
| Change in reserve from financial assets measured at FVTOCI | 88 | (22) | 91 | (23) |
| Transfers between other reserves and retained earnings | 2 | (15) | - | - |
| Disposals | (18) | (8) | - | - |
| Change in reserve of defined benefit obligations | 0 | 0 | - | 0 |
| Change in currency translation reserve | 0 | 149 | - | - |
| **Closing balance** | **227** | **155** | **254** | **163** |

| Fair value through other comprehensive income reserve movement | Group | | Bank | |
|---|---|---|---|---|
| | 30/6/2019 | 31/12/2018 | 30/6/2019 | 31/12/2018 |
| **Opening balance** | **97** | **119** | **93** | **116** |
| Gains/(losses) from the valuation of bonds | 118 | (26) | 118 | (26) |
| Gains/(losses) from the valuation of shares | 30 | (10) | 27 | (10) |
| Impairment losses/ (releases) on bonds | (10) | (5) | (10) | (6) |
| Recycling of the valuation of disposals | (9) | 15 | (2) | 15 |
| Deferred income taxes | (41) | 5 | (42) | 4 |
| Foreign exchange differences | 0 | 0 | - | - |
| **Closing balance** | **185** | **97** | **185** | **93** |

| Retained earnings movement | Group | | Bank | |
|---|---|---|---|---|
| | 30/6/2019 | 31/12/2018 | 30/6/2019 | 31/12/2018 |
| **Opening balance** | **(10,499)** | **(10,308)** | **(10,343)** | **(10,362)** |
| Profit/ (loss) for the year after tax attributable to the shareholders of the parent entity | 41 | (158) | 30 | 51 |
| Profit/ (loss) from sales of treasury shares | 0 | (1) | - | - |
| Recycling of the accumulated reserve from financial assets measured at FVTOCI | 2 | (32) | - | (32) |
| Transfer between other reserves and retained earnings | (2) | 11 | - | - |
| Disposals and movement in participating interest | 33 | (11) | - | - |
| **Closing balance** | **(10,425)** | **(10,499)** | **(10,313)** | **(10,343)** |

## 24 Related parties transactions

Related parties include:

a) Members of the Board of Directors and the Group Executive Committee, the Group Chief Internal Auditor, the Group Chief Compliance Officer, and the CEOs of the significant subsidiaries, collectively Key Management Personnel,

b) Close family members of Key Management Personnel,

c) Companies having transactions with Piraeus Bank, if the total cumulative participating interest (of Key Management Personnel and their close family members) exceeds cumulatively 20%,

d) Subsidiaries,

e) Associates,

f) Joint ventures and

g) HFSF, which holds ordinary shares in the share capital of the Bank and benefits from the special rights stated in article 10 of Greek Law 3864/2010, as amended and in force.

The transactions with the above related parties are under the usual market terms. Loans and advances to customers at amortised cost and letters of guarantee, have been issued to related parties in the normal course of business, within the approved credit policies and Group procedures, adequately collateralized and the risk of their repayment is within the normal course of the market conditions.

Related party transactions with the Key Management Personnel as well as the other related party categories as described in points (b) and (c) above, are presented in the table below. It is noted that, there were no significant transactions with the HFSF for the period ended 30 June 2019 and the year 2018.

| Group | 30/6/2019 | | 31/12/2018 | |
|---|---|---|---|---|
| (amounts in thousand €) | Key Management Personnel | Other related parties | Key Management Personnel | Other related parties |
| Loans and advances to customers | 5,045 | 37 | 5,318 | 41 |
| Due to customers | 1,708 | 93 | 892 | 160 |
| Letters of guarantee and letters of credit | - | - | - | - |

| Group | 1/1 - 30/6/2019 | | 1/1 - 30/6/2018 | |
|---|---|---|---|---|
| (amounts in thousand €) | Key Management Personnel | Other related parties | Key Management Personnel | Other related parties |
| Income | 70 | 4 | 19 | 6 |
| Expense | 6 | 0 | 0 | 0 |

| Bank | 30/6/2019 | | 31/12/2018 | |
|---|---|---|---|---|
| (amounts in thousand €) | Key Management Personnel | Other related parties | Key Management Personnel | Other related parties |
| Loans and advances to customers | 5,045 | 37 | 5,318 | 41 |
| Due to customers | 1,611 | 93 | 797 | 160 |
| Letters of guarantee and letters of credit | - | - | - | - |

| Bank | 1/1 - 30/6/2019 | | 1/1 - 30/6/2018 | |
|---|---|---|---|---|
| (amounts in thousand €) | Key Management Personnel | Other related parties | Key Management Personnel | Other related parties |
| Income | 69 | 4 | 19 | 6 |
| Expense | 5 | 0 | 0 | 0 |

| Members of the Key Management Personnel benefits | Group | | Bank | |
|---|---|---|---|---|
| (amounts in thousand €) | 1/1 - 30/6/2019 | 1/1 - 30/6/2018 | 1/1 - 30/6/2019 | 1/1 - 30/6/2018 |
| Short term benefits | 2,667 | 2,240 | 2,268 | 2,104 |
| Post employment benefits | 43 | 157 | 38 | 151 |

Short term benefits for the members of the Key Management Personnel include wages, salaries, employers' share of social contributions and other charges. Line "Post employment benefits" includes the cost of programs for the post employment benefits.

The aggregate provisions for post employment benefits to Key Management Personnel as at 30 June 2019 amounted to € 1 million compared to € 2 million as at 31 December 2018 for both the Group and the Bank, respectively. The full amount of the above post employment benefits has been included in the retirement benefit obligations.

## 24.1 Subsidiaries

Bank΄s balances from transactions with subsidiaries and the relevant results are as follows:

| (amounts in thousand €) | Bank | |
|---|---|---|
| | 30/6/2019 | 31/12/2018 |
| **Assets** | | |
| Loans and advances to credit institutions | 9,501 | 141,608 |
| Loans and advances to customers at amortised cost | 2,535,691 | 2,433,336 |
| Derivative financial instruments - assets | 3,032 | 2,178 |
| Other assets | 184,460 | 187,409 |
| **Total** | **2,732,685** | **2,764,530** |
| **Liabilities** | | |
| Due to credit institutions | 6 | 320,138 |
| Due to customers | 282,688 | 235,755 |
| Debt securities in issue at amortised cost | 51,226 | 57,511 |
| Other borrowed funds | 395,553 | - |
| Other liabilities | 66,969 | 15,175 |
| **Total** | **796,443** | **628,579** |

| (amounts in thousand €) | Bank | |
|---|---|---|
| | 1/1 - 30/6/2019 | 1/1 - 30/6/2018 |
| **Income** | | |
| Interest and similar income | 26,010 | 30,791 |
| Fee and commission income | 5,859 | 4,119 |
| Other income | 1,153 | (1,075) |
| **Total** | **33,023** | **33,835** |
| **Expenses** | | |
| Interest expense and similar charges | (3,597) | (5,765) |
| Fee and commission expense | (34) | (6,087) |
| Operating expenses | (11,235) | (14,149) |
| **Total** | **(14,866)** | **(26,001)** |

Letters of guarantee to subsidiaries of the Group as at 30 June 2019 amounted to € 220 million (31 December 2018: € 228 million). Other liabilities as at 30 June 2019 include an amount of € 57 million, which is related to lease liabilities of real estate of Bank's subsidiaries, according to IFRS16. Due to the fact that the Group has not implemented retrospectively IFRS16 based on its transitional provisions, the comparative amount as at 31 December 2018 does not include lease liabilities of subsidiaries' real estate.

### 24.2 Associates

The transactions with associates and the relevant result are presented below:

| (amounts in thousand €) | Group | | Bank | |
|---|---|---|---|---|
| | 30/6/2019 | 31/12/2018 | 30/6/2019 | 31/12/2018 |
| Loans and advances to customers at amortised cost | 1,034,317 | 1,061,837 | 1,030,727 | 1,057,632 |
| Derivative financial assets | - | 1,077 | - | 1,077 |
| Other assets | 3,694 | 3,560 | 544 | 197 |
| Due to customers | 51,719 | 83,646 | 51,719 | 69,247 |
| Derivative financial liabilities | 5,268 | - | 5,268 | - |
| Other liabilities | 9,701 | 3,535 | 7,402 | 1,692 |

| (amounts in thousand €) | Group | | Bank | |
|---|---|---|---|---|
| | 1/1 - 30/6/2019 | 1/1 - 30/6/2018 | 1/1 - 30/6/2019 | 1/1 - 30/6/2018 |
| Total expense and capital expenditure | (14,580) | (8,319) | (14,563) | (7,506) |
| Total income | 22,355 | 25,564 | 20,737 | 23,797 |

The ECL allowance for impairment on loans and advances to customers granted to associate companies for the Group and the Bank as at 30 June 2019 amounted to € 45 million and € 44 million respectively, compared to € 87 million for the Group and the Bank as at 31 December 2018.

Letters of guarantee to associates of both the Group and the Bank as at 30 June 2019 amounted to € 11 million (31 December 2018: € 7 million). Other liabilities as at 30 June 2019 include an amount of € 6 million, which is related to lease liabilities of real estate of Group's associates, according to IFRS16. Due to the fact that the Group has not implemented retrospectively IFRS16 based on its transitional provisions, the comparative amount as at 31 December 2018 does not include lease liabilities of associates' real estate.

### 24.3 Joint ventures

The transactions with joint ventures and the relevant results are presented below:

| (amounts in thousand €) | Group | | Bank | |
|---|---|---|---|---|
| | 30/6/2019 | 31/12/2018 | 30/6/2019 | 31/12/2018 |
| Loans and advances to customers at amortised cost | 53,075 | 52,652 | 53,075 | 52,652 |

| (amounts in thousand €) | Group | | Bank | |
|---|---|---|---|---|
| | 1/1 - 30/6/2019 | 1/1 - 30/6/2018 | 1/1 - 30/6/2019 | 1/1 - 30/6/2018 |
| Total income | 424 | 416 | 424 | 416 |

The ECL allowance for impairment on loans and advances to customers granted to joint ventures as at 30 June 2019 amounted to € 42 million for the Group and € 42 million for the Bank (31 December 2018: € 42 million for the Group and € 42 million for the Bank).

## 25 Changes in the portfolio of consolidated companies

The analysis of changes of the consolidated companies' portfolio during the first semester of 2019 is presented below:

**a) Establishment:**

On 1 February 2019, Piraeus Bank established its 50.00% company, Peirga Kythnou PC., covering its ratio by paying the amount of € 833 thousand. The company was classified in the joint ventures' portfolio of the Group.

On 2 May 2019, Piraeus Bank Bulgaria A.D, 99.98% held for sale company of Piraeus Bank, established its 100.00% company, Piraeus Nedvizhimi Imoti EOOD by paying the amount of € 511 thousand.

**b) Participation in share capital increases / decreases - Changes of participation:**

On 4 February 2019, Achaia Clauss Estate S.A., 75.37% subsidiary company of Piraeus Bank, proceeded with a share capital increase of € 344 thousand, which was fully covered by Piraeus Bank. As a result, the Bank's shareholding percentage in the company increased to 75.49%.

On 13 February 2019, Trieris Two Real Estate Ltd, 100.00% subsidiary company of Piraeus Bank, proceeded with a share capital increase of € 3 million, which was fully covered by Piraeus Bank, without altering its shareholding percentage in the company.

On 22 February 2019, Pleiades Estate S.A., 100.00% subsidiary company of Piraeus Bank, proceeded with a share capital increase of € 540 thousand, which was fully covered by Piraeus Bank, without altering its shareholding percentage in the company.

On 13 March 2019, Unisoft S.A., 23.07% associate company of Piraeus Bank, proceeded with a share capital increase of € 5 million, through debt capitalization, including debt of € 1 million due to Piraeus Bank. As a result, the Bank's shareholding percentage in the company increased to 26.73%.

During the first quarter of 2019, AEP Elaiona S.A. 50.00% participation of the Group, classified in the joint ventures' portfolio, proceeded with a share capital increase of € 7 million in total. As a result, Trieris Two Real Estate LTD, 100.00% subsidiary company of Piraeus Bank S.A, covered its ratio by paying in total € 3.5 million, without altering its shareholding percentage in the company.

During the first quarter of 2019, PJ Tech Catalyst Fund 30.00% associate participation of the Group, increased its assets by € 79 thousand. As a result, Piraeus Equity Partners Ltd, 100.00% subsidiary company of Piraeus Bank S.A, covered its ratio by paying in total € 24 thousand, without altering its shareholding percentage in the company.

On 11 April 2019, PJ Tech Catalyst Fund 30.00% associate participation of the Group, increased its assets by € 56 thousand. As a result, Piraeus Equity Partners Ltd, 100.00% subsidiary company of Piraeus Bank S.A, covered its ratio by paying in total € 17 thousand, without altering its shareholding percentage in the company.

On 24 April 2019, Piraeus Bank Bulgaria A.D, 99.98% held for sale company of Piraeus Bank, fully covered the share capital increase of € 2 million, of Gama Asset Management EOOD, its 100.00% subsidiary company, which was concluded through asset contribution, without altering the Group's shareholding percentage in the company.

On 2 May 2019, Piraeus Nedvizhimi Imoti EOOD, 100% subsidiary company of Piraeus Bank Bulgaria A.D, acquired from Piraeus Bank Bulgaria A.D, 99.98% held for sale company of Piraeus Bank, the 100.00% of Beta Asset Management EOOD, the 100.00%

of Gama Asset Management EOOD, the 100.00% of Emerald Investments EOOD, the 100.00% of Asset Management Bulgaria EOOD, the 100.00% of Varna Asset Management EOOD, the 100.00% of Delta Asset Management EOOD and the 100.00% of Besticar Bulgaria EOOD. As a result the Group's percentage in all the above mentioned subsidiaries remained unaltered amounting to 99.98%.

On 21 May 2019, Bulfina E.A.D, 100.00% subsidiary company of Piraeus Bank, acquired from 99.98% held for sale company Piraeus Bank Bulgaria A.D, the 100.00% of Piraeus Nedvizhimi Imoti EOOD. As a result the Group's percentage in the company increased to 100.00%.

On 21 June 2019, Piraeus - TANEO Capital Fund, 50.01% associate participation of Piraeus Bank, increased its assets by € 60 thousand. Piraeus Bank S.A. covered its ratio by paying in total € 30 thousand, without altering its shareholding percentage in the company.

**c) Liquidation and disposal:**

On 31 January 2019, Piraeus Green Investments S.A., 100.00% subsidiary company of Piraeus Bank was deleted from the relevant Company Registry.

On 28 February 2019, Piraeus Bank disposed of the total of its participation in its 98.83% held for sale company Tirana Bank I.B.C. S.A. for a total consideration of € 57 million.

On 18 April 2019, Piraeus Bank disposed of the total of its participation in its 26.73% associate company Unisoft S.A. for a total consideration of € 700 thousand.

On 13 June 2019, Piraeus Bank disposed of the total of its participation in its 99.98% held for sale company Piraeus Bank Bulgaria A.D., for a total consideration of € 75 million. As a result, Piraeus Insurance Brokerage EOOD, 99.98% subsidiary of the Group, is no longer part of the Group.

Piraeus Real Estate Consultants SRL, 100.00% subsidiary company of Piraeus Bank Group, has been set under liquidation.

## 26 Capital adequacy

From 1 January 2014 onwards both the Group and the Bank comply with the CRD IV regulatory framework (Basel III implementation under EU rules), which came into force with Directive 2013/36/EU as transposed into Greek Law 4261/2014 and Regulation (EU) No. 575/2013 (CRR).

The aforementioned regulatory framework requires financial institutions to maintain for both the Group and the Bank a minimum level of regulatory capital related to the undertaken risks. The minimum thresholds for the capital adequacy ratios, as per article 92 of the CRR Regulation, are as follows:

| | Group | Bank |
|---|---|---|
| Common Equity Tier 1 Ratio (CET1) | 4.5% | 4.5% |
| Tier 1 Ratio (T1) | 6.0% | 6.0% |
| Total Capital Ratio (CAD Ratio) | 8.0% | 8.0% |

Following the activation of the SSM on 4 November 2014, both the Group and the Bank were placed under the direct supervision of the ECB.

Further to the conclusion of the SREP (Supervisory Review and Evaluation Process), the ECB informed Management of its Overall Capital Requirement ("OCR"), valid from March 2019.

According to the decision, the Group and the Bank has to maintain an OCR of 14.00% (31 December 2018: 13.625%), which includes:

a) the minimum Pillar I total capital requirements of 8% as per article 92(1) of Regulation 575/2013/EU;

b) an additional Pillar II capital requirement of 3.25% (31 December 2018: 3.75%) as per article 16(2) of Regulation 1024/2013/EU;

c) the fully loaded capital conservation buffer of 2.5% (31 December 2018: 1.875%) under Greek Law 4261/2014; and

d) the transitional Other Systemic Important Institutions (O-SII) capital buffer of 0.25% (31 December 2018: 0%) under Greek Law 4261/2014.

The main objectives of Management with respect to capital adequacy management are the following:

- To comply with the CRR Regulation against risks undertaken, according to the regulatory framework,
- To preserve the Group's and the Bank's ability to continue its operations unhindered, thus to continue providing returns and benefits to its shareholders and ensure the confidence of their customers,
- To retain a sound and stable capital base in order to support the Group's and the Bank's Business Plans and
- To maintain and enhance existing infrastructures, policies, procedures and methodologies for the adequate coverage of supervisory needs, in Greece and abroad.

The capital adequacy ratios as at 30 June 2019 and 31 December 2018 for the Group and the Bank, as calculated under the existing regulatory framework, taking into account the relevant transitional period provisions applicable under Regulation 575/2013 and the transitional arrangements applicable under Regulation (EU) 2395/2017 for mitigating the impact of the introduction of IFRS 9 on own funds, were as follows:

| | Group | | Bank | |
|---|---|---|---|---|
| | 30/6/2019 | 31/12/2018 | 30/6/2019 | 31/12/2018 |
| Common Equity Tier 1 Capital (CET1) | 6,476 | 6,489 | 6,664 | 6,689 |
| Tier 1 Capital | 6,476 | 6,489 | 6,664 | 6,689 |
| Total regulatory capital | 6,871 | 6,489 | 7,059 | 6,689 |
| Total risk weighted assets (on and off- balance sheet items) | 46,632 | 47,554 | 45,129 | 45,563 |
| CET1 Capital ratio | 13.89% | 13.65% | 14.77% | 14.68% |
| T1 Capital ratio | 13.89% | 13.65% | 14.77% | 14.68% |
| Total Capital ratio | 14.73% | 13.65% | 15.64% | 14.68% |

In June 2019, Piraeus successfully completed a Tier II debt issuance, raising 400 million euros as part of its capital strengthening plan. The Total Capital Adequacy Ratio for the Group and the Bank as at 30 June 2019 stood at 14.73% (CET1 ratio 13.89%) and 15.64% (CET1 Ratio 14.77%) respectively, fully covering the current OCR level.

The Group's Basel III pro-forma total capital adequacy ratio, after incorporating the positive effect of risk weighted assets (RWA) release from the sale of NPE portfolios (classified as held for sale as at 30 June 2019) and including the interim profit of 2019, stands at 14.92%.

The Bank continues to pursue a range of planned capital actions that are expected to further enhance its capital levels through non-dilutive initiatives, with an aim to create a buffer above the supervisory requirements.

## 27 Restatements/ reclassifications of comparative period

The restatements/ reclassifications that took place in the Interim Income Statement for the six-month period ended 30 June 2018 and the three-month period ended 30 June 2018 are presented below.

For presentation purposes, the Group and the Bank changed the classification of the customer loyalty cost from interest expenses and administrative expenses to commission expenses. In additional, costs inherent to credit cards have been reclassified from administrative costs to commission expenses.

| Group | 6 month period ended 30/6/2018 | | |
|---|---|---|---|
| **Interim Income Statement** | **Published amounts** | **Restatements** | **Restated amounts** |
| Interest and similar income | 954 | - | 954 |
| Interest expense and similar charges | (254) | 6 | (248) |
| **Net interest income** | **699** | **6** | **706** |
| Fee and commission income | 180 | - | 180 |
| Fee and commission expense | (31) | (10) | (42) |
| **Net fee and commission income** | **149** | **(10)** | **139** |
| Dividend income | 7 | - | 7 |
| Net gain/ (losses) from financial instruments measured at fair value through profit or loss | 24 | - | 24 |
| Results from the disposal of participation of subsidiaries and associates | (19) | - | (19) |
| Net gain/ (losses) from financial instruments measured at fair value through other comprehensive income | 17 | - | 17 |
| Net other income/ (expenses) | 34 | - | 34 |
| **Total net income** | **910** | **(4)** | **906** |
| Staff costs | (384) | - | (384) |
| Administrative expenses | (212) | 4 | (208) |
| Depreciation and amortisation | (52) | - | (52) |
| Net gain/ (losses) from sale of property and equipment and intangible assets | (2) | - | (2) |
| **Total operating expenses before provisions** | **(650)** | **4** | **(646)** |
| **Profit before provisions, impairment and income tax** | **260** | **0** | **260** |
| ECL Impairment losses on loans and advances to customers at amortised cost | (245) | - | (245) |
| Impairment (losses)/ releases on other assets | (20) | - | (20) |
| ECL Impairment (losses)/ releases on financial assets at fair value through other comprehensive income | 7 | - | 7 |
| Impairment on investment securities and participations | (50) | - | (50) |
| Impairment of property and equipment and intangible assets | (4) | - | (4) |
| Other impairment (losses)/ releases | 0 | - | 0 |
| Other provision releases/ (charges) | 11 | - | 11 |
| Share of profit/ (loss) of associates and joint ventures | (24) | - | (24) |
| **Profit/ (loss) before income tax** | **(64)** | **0** | **(64)** |
| Income tax benefit/ (expense) | 6 | - | 6 |
| **Profit/ (loss) for the period from continuing operations** | **(58)** | **0** | **(58)** |
| Profit/ (loss) after income tax from discontinued operations | (313) | - | (313) |
| **Profit/ (loss) for the period** | **(370)** | **0** | **(370)** |
| **From continuing operations** | | | |
| Profit/ (loss) attributable to equity holders of the Bank | (55) | - | (55) |
| Non controlling interest | (3) | - | (3) |
| **From discontinued operations** | | | |
| Profit/ (loss) attributable to equity holders of the Bank | (312) | - | (312) |
| Non controlling interest | (1) | - | (1) |
| **Earnings/ (losses) per share attributable to equity holders of the Bank (in €):** | | | |
| From continuing operations | | | |
| - Basic | (0.12) | - | (0.12) |
| - Diluted | (0.12) | - | (0.12) |
| From discontinued operations | | | |
| - Basic | (0.71) | - | (0.71) |
| - Diluted | (0.71) | - | (0.71) |

| Group | 3 month period ended 30/6/2018 | | |
|---|---|---|---|
| Interim Income Statement | Published amounts | Restatements | Restated amounts |
| Interest and similar income | 476 | - | 476 |
| Interest expense and similar charges | (127) | 3 | (124) |
| **Net interest income** | **349** | **3** | **352** |
| Fee and commission income | 92 | - | 92 |
| Fee and commission expense | (18) | (5) | (23) |
| **Net fee and commission income** | **75** | **(5)** | **70** |
| Dividend income | 7 | - | 7 |
| Net gain/ (losses) from financial instruments measured at fair value through profit or loss | 25 | - | 25 |
| Results from the disposal of participation of subsidiaries and associates | (24) | - | (24) |
| Net gain/ (losses) from financial instruments measured at fair value through other comprehensive income | 7 | - | 7 |
| Net other income/ (expenses) | 21 | - | 21 |
| **Total net income** | **460** | **(2)** | **458** |
| Staff costs | (125) | - | (125) |
| Administrative expenses | (112) | 2 | (110) |
| Depreciation and amortisation | (25) | - | (25) |
| Net gain/ (losses) from sale of property and equipment and intangible assets | (2) | - | (2) |
| **Total operating expenses before provisions** | **(264)** | **2** | **(262)** |
| **Profit before provisions, impairment and income tax** | **196** | **0** | **196** |
| ECL Impairment losses on loans and advances to customers at amortised cost | (82) | - | (82) |
| Impairment (losses)/ releases on other assets | (9) | - | (9) |
| ECL Impairment (losses)/ releases on financial assets at fair value through other comprehensive income | (8) | - | (8) |
| Impairment on investment securities and participations | (32) | - | (32) |
| Impairment of property and equipment and intangible assets | (3) | - | (3) |
| Other impairment (losses)/ releases | 0 | - | 0 |
| Other provision releases/ (charges) | 5 | - | 5 |
| Share of profit/ (loss) of associates and joint ventures | (16) | - | (16) |
| **Profit/ (loss) before income tax** | **51** | **0** | **51** |
| Income tax benefit/ (expense) | (29) | - | (29) |
| **Profit/ (loss) for the period from continuing operations** | **22** | **0** | **22** |
| Profit/ (loss) after income tax from discontinued operations | (310) | - | (310) |
| **Profit/ (loss) for the period** | **(287)** | **0** | **(287)** |
| **From continuing operations** | | | |
| Profit/ (loss) attributable to equity holders of the Bank | 24 | - | 24 |
| Non controlling interest | (2) | - | (2) |
| **From discontinued operations** | | | |
| Profit/ (loss) attributable to equity holders of the Bank | (309) | - | (309) |
| Non controlling interest | (1) | - | (1) |
| **Earnings/ (losses) per share attributable to equity holders of the Bank (in €):** | | | |
| From continuing operations | | | |
| - Basic | 0.05 | - | 0.05 |
| - Diluted | 0.05 | - | 0.05 |
| From discontinued operations | | | |
| - Basic | (0.71) | - | (0.71) |
| - Diluted | (0.71) | - | (0.71) |

| Bank | 6 month period ended 30/6/2018 | | |
|---|---|---|---|
| **Interim Income Statement** | **Published amounts** | **Restatements** | **Restated amounts** |
| Interest and similar income | 943 | - | 943 |
| Interest expense and similar charges | (257) | 6 | (251) |
| **Net interest income** | **686** | **6** | **693** |
| Fee and commission income | 150 | - | 150 |
| Fee and commission expense | (32) | (10) | (42) |
| **Net fee and commission income** | **118** | **(10)** | **108** |
| Dividend income | 6 | - | 6 |
| Net gain/ (losses) from financial instruments measured at fair value through profit or loss | 20 | - | 20 |
| Results from the disposal of participation of subsidiaries and associates | (26) | - | (26) |
| Net gain/ (losses) from financial instruments measured at fair value through other comprehensive income | 17 | - | 17 |
| Net other income/ (expenses) | 1 | - | 1 |
| **Total net income** | **824** | **(4)** | **820** |
| Staff costs | (363) | - | (363) |
| Administrative expenses | (202) | 4 | (198) |
| Depreciation and amortisation | (47) | - | (47) |
| Net gain/ (losses) from sale of property and equipment and intangible assets | (2) | - | (2) |
| **Total operating expenses before provisions** | **(615)** | **4** | **(611)** |
| **Profit before provisions, impairment and income tax** | **209** | **-** | **209** |
| ECL Impairment losses on loans and advances to customers at amortised cost | (270) | - | (270) |
| Impairment (losses)/ releases on other assets | (17) | - | (17) |
| ECL Impairment (losses)/ releases on financial assets at fair value through other comprehensive income | 7 | - | 7 |
| Impairment on investment securities and participations | (83) | - | (83) |
| Impairment of property and equipment and intangible assets | (4) | - | (4) |
| Other impairment (losses)/ releases | (0) | - | (0) |
| Other provision releases/ (charges) | 13 | - | 13 |
| **Profit/ (loss) before income tax** | **(145)** | **0** | **(145)** |
| Income tax benefit/ (expense) | 21 | - | 21 |
| **Profit/ (loss) for the period** | **(124)** | **0** | **(124)** |

| Bank | 3 month period ended 30/6/2018 | | |
|---|---|---|---|
| Interim Income Statement | Published amounts | Restatements | Restated amounts |
| Interest and similar income | 468 | - | 468 |
| Interest expense and similar charges | (128) | 3 | (125) |
| **Net interest income** | **340** | **3** | **343** |
| Fee and commission income | 77 | - | 77 |
| Fee and commission expense | (18) | (5) | (23) |
| **Net fee and commission income** | **59** | **(5)** | **54** |
| Dividend income | 6 | - | 6 |
| Net gain/ (losses) from financial instruments measured at fair value through profit or loss | 25 | - | 25 |
| Results from the disposal of participation of subsidiaries and associates | (30) | - | (30) |
| Net gain/ (losses) from financial instruments measured at fair value through other comprehensive income | 7 | - | 7 |
| Net other income/ (expenses) | (1) | - | (1) |
| **Total net income** | **405** | **(2)** | **404** |
| Staff costs | (114) | - | (114) |
| Administrative expenses | (106) | 2 | (104) |
| Depreciation and amortisation | (23) | - | (23) |
| Net gain/ (losses) from sale of property and equipment and intangible assets | (2) | - | (2) |
| **Total operating expenses before provisions** | **(245)** | **2** | **(244)** |
| **Profit before provisions, impairment and income tax** | **160** | **0** | **160** |
| ECL Impairment losses on loans and advances to customers at amortised cost | (89) | - | (89) |
| Impairment (losses)/ releases on other assets | (9) | - | (9) |
| ECL Impairment (losses)/ releases on financial assets at fair value through other comprehensive income | (8) | - | (8) |
| Impairment on investment securities and participations | (83) | - | (83) |
| Impairment of property and equipment and intangible assets | (3) | - | (3) |
| Other impairment (losses)/ releases | (0) | - | (0) |
| Other provision releases/ (charges) | 5 | - | 5 |
| **Profit/ (loss) before income tax** | **(27)** | **0** | **(27)** |
| Income tax benefit/ (expense) | (17) | - | (17) |
| **Profit/ (loss) for the period** | **(44)** | **0** | **(44)** |

## 28 IFRS 16 “Leases” First Time Adoption Transitional Disclosures

On 1 January 2019, the Group and the Bank implemented the requirements of IFRS 16 “Leases” (IFRS 16). These transitional disclosures to the IFRS 16 provide information relevant to understanding the impact of the new accounting standard on the Group and the Bank’s financial statements as at 1 January 2019.

Management commenced the IFRS 16 Program in the 2nd quarter of 2018. In the context of the implementation of this program, an appropriate Governance, Steering Committee, Project Management Office, and various project teams, were established with participants from several of the Bank’s Units and its subsidiaries. The IFRS 16 Steering Committee, participated actively throughout the process, ensuring efficient, effective, accurate and timely implementation of the IFRS 16 Program.

In the context of the IFRS 16 Program, Management has developed sufficient functionality in its current IT infrastructure and processes. Furthermore, Management has refined its existing internal controls and designed and implemented new internal controls and processes where required in areas that are impacted by IFRS 16. Some of the key governance and control areas are those related to internal controls over:

a) The election of the transition approach for the IFRS 16 First Time Adoption (FTA) between the three alternatives provided by the standard.
b) The examination of lease contracts as to whether they constitute a lease based on the provisions of IFRS 16.
c) The determination of the incremental borrowing rate (IBR).

The Group's Executive Committee, monitored the implementation of the IFRS 16 Program and participated in the decision making process. In that respect, the Group's Executive Committee approved the IFRS 16 – Accounting Policy, "Recognition and measurement of leases according to the International Financial Reporting Standard 16" and these IFRS 16 FTA Transitional Disclosures.

The Group and the Bank as a lessee, have assessed the estimated IFRS 16 FTA impact as at 1 January 2019 will have on the Group and the Bank, as described below. Management, continues to test and refine the governance framework, the new accounting processes and internal controls necessitated by the adoption of IFRS 16. Therefore, the estimation of the IFRS 16 FTA impact remains subject to change until the finalisation of the Consolidated and Separate Financial Statements for the year ending 31 December 2019.

**Assumptions taken by Management for the IFRS 16 First Time Adoption impact**

Management has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to leases entered or modified before 1 January 2019.

The Group and the Bank applied IFRS 16 initially on 1 January 2019, using the modified retrospective approach. For the purposes of applying the modified retrospective approach, Management elected to:

- measure the present value of the outstanding lease liability using its incremental borrowing rate at the date of transition and set the Right of Use asset equal to the amount of the lease liability;
- apply the practical expedient to exclude initial direct costs from the RoU asset.

The Incremental Borrowing Rate ("IBR") used as of 1 January 2019 was based on a Greek Government zero coupon curve, adjusted downward by the estimated covered bond credit spread. The proxy for the Greek specific risk-free rate was considered the Greek Government zero coupon curve derived from Bloomberg. The credit spread adjustment was estimated based on the spread that Covered Bonds of Greek Systemic Banks trade versus the Greek Government zero coupon curve. The same calculation process will be applied going forward for the revision of the initial IBR Curve on a quarterly basis.

Regarding the commencement date used for the lease contracts derived from the acquired banks, Management has elected to use the respective dates of acquisition as the commencement dates for the aforementioned leasing contracts.

Furthermore, the following have been excluded from the IFRS 16 scope for the reasons described:

- Indefinite contract duration as Management concluded that for these contracts there are no enforceable rights and obligations and therefore they do not meet the definition of a leasing contract as provided by IFRS 16;
- Leasing contracts of discontinued operations;
- Intangibles as these are covered by IAS 38 "Intangible assets"; and

- Insurance costs, value added tax (VAT) and stamp duties.

### The Group and the Bank's lease portfolio

### Leases in which the Group and the Bank is a lessee

The Group and the Bank's real estate leases include mainly leases of office buildings, branches apartments and vehicles. The Group and the Bank have classified these leases as operating leases under IAS 17.

***Leases of Office buildings:*** The Group and the Bank lease office buildings for the housing and operation of Administrative Divisions. The basic terms for a new lease (duration, etc.) are generally the same for all tenants. According to the current practice, the Bank aims to sign long term lease contracts (at least 12 years as a general rule). Under the state law which is regulating rental agreements, the minimum binding period for both parties in the agreement is set up to 3 years. Depending on the terms agreed, the rent is adjusted once a year according to the Consumer Price Index, as calculated by the Greek Statistical Authority and announced monthly, plus the agreed increase (e.g. +1, +2, etc). As long as rents are contracted under the new Commercial Lease Act, applicable since 2014, there is no right for extension (unless specifically agreed).

Contracts with indefinite duration are not in the scope of IFRS 16, as mentioned above. Hence, the Group and the Bank have a total of 389 out of 1,373 contracts with unlimited lease term and with an annual rental expense of €6 million which have been excluded from the scope as these contracts do not meet the definition of a leasing contract as provided by IFRS 16.

Management assesses at each reporting period whether it will exercice any renewal option taking into consideration factors such as the location of the buildings, the availability of suitable alternatives, rental fees, etc.

**Leases of Branches**: The Group and the Bank lease properties for the operation of its branch network. The basic terms for a new lease contracts (duration,etc.) and the current practice, are substantially the same with those for lease contracts of Office buildings.

**Leases of Apartments**: The Group and the Bank lease apartments used to accommodate the Group and the Bank's executives who are working away of their operational region, following relative approval by the Group Human Resources Division. The lease terms as well as the remaining lease terms at the date of initial application, vary depending on the operational needs of the Bank. In some cases, the remaining lease term at the date of transitioning to IFRS 16 is less than 12 months. Such leases do not include any renewal options. Furthermore, the aforementioned leases feature fixed lease payments.

**Leases of vehicles**: The Group and the Bank lease vehicles that are provided as benefit to its executives or in order to maintain a pool car fleet specific for operational needs. The average lease term is five years. It is contractually possible to extend the lease after its expiration for 12 or 24 months under the same terms.

Any changes in lease payments are due to the increase in annual premiums from the insurance company and also in the annual vehicle circulation taxes.

### Leases in which the Group and the Bank is a lessor

### Investment property

The Group and the Bank own various buildings that are no longer used in the business or are acquired from auctions and are held to earn rental income. The buildings leased to third parties are classified as operating leases for fixed or variable lease payments. In addition, the Group subleases investment properties to third parties.

### Sale – and – leaseback

The Group's sale – and – lease back properties have been contracted within the normal course of business of the Group's leasing companies. The Bank does not have any sale and leaseback properties.

**IFRS 16 First Time Adoption Impact as at 1 January 2019 on the Group and the Bank's Statement of Financial Position**

Upon the adoption of IFRS 16 on 1 January 2019, the Group and the Bank recognised an additional € 117 million and € 166 million of lease liabilities for the leasing contracts that fall within the scope of IFRS 16 respectively. The RoU asset was set equal to the lease liability amount and therefore there was no impact on Total Equity as at the transition date.

When measuring lease liabilities, Management discounted lease payments using its IBR as at 1 January 2019 as explained above. The IBR curve applied was based on the duration of each lease term.

The following table presents the reconciliation of the operating lease commitments in accordance with IAS 17 as disclosed in the Annual Financial Statements as of 31 December 2018, to the lease liabilities recognised as of 1 January 2019 based on the provisions of IFRS 16:

| | Group | Bank |
|---|---|---|
| Operating lease commitment at 31/12/2018 as disclosed for the Group and the Bank under IAS 17 | 132 | 188 |
| **Total Operating Lease Liabilities as at 31/12/2018 under IAS 17** | 132 | 188 |
| Less: Recognition exemption for short term leases | 2 | 3 |
| **Adjusted Total Operating Lease Liabilities as at 31/12/2018 under IAS 17** | 129 | 185 |
| Less: Discounting effect of operating lease liabilities using the IBR at 1/1/2019 | 13 | 19 |
| **Total Operating Lease liabilities recognised as at 1/1/2019 under IFRS 16** | 117 | 166 |
| Finance lease liabilities recognised as at 31/12/2018 | 40 | 1 |
| **Total Lease liabilities recognised as at 1/1/2019 under IFRS 16** | 157 | 167 |

The Group and the Bank have not restated the comparative financial figures as it followed the modified retrospective approach of IFRS 16.

Management has estimated the average dismantling cost of the Bank's leased properties. Based on such estimation this resulted in an additional increase of "RoU Assets" by € 6 million and in an equal increase of "Dismantling cost liability" with no effect on Total Equity.

## 29 Events Subsequent to the End of the Interim Financial Statements

Other than those events already disclosed in Notes 7 and 13, no events have occurred after 30 June 2019 and through the date that the Interim Financial Statements are authorized for issue that would require adjustment or disclosure.

Athens, 29 August 2019

| CHAIRMAN OF THE BOARD OF DIRECTORS | MANAGING DIRECTOR | GROUP CHIEF FINANCIAL OFFICER | CHIEF FINANCIAL OFFICER |
|---|---|---|---|
| GEORGE P. HANDJINICOLAOU<br>ID No X 501829 | CHRISTOS I. MEGALOU<br>ID No AE 011012 | THEODOROS CH. GNARDELLIS<br>ID No AI 662109 | KONSTANTINOS S. PASCHALIS<br>ID No AZ 630875<br>License No Class A 29358 |