EUROBANK ERGASIAS SERVICES and HOLDINGS S.A.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

31 MARCH 2020

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Selected Explanatory Notes to the Interim Consolidated Financial Statements

Interim Consolidated Balance Sheet

	Note	31 March 2020 € million	31 December 2019 € million
ASSETS			
Cash and balances with central banks		**3,570**	4,679
Due from credit institutions		**3,642**	3,007
Securities held for trading		**54**	110
Derivative financial instruments	14	**2,418**	2,262
Loans and advances to customers	15	**37,814**	37,365
Investment securities	16	**8,760**	7,951
Investments in associates and joint ventures	18	**224**	235
Property and equipment	19	**749**	746
Investment property	19	**1,330**	1,184
Goodwill and other intangible assets		**382**	378
Deferred tax assets	12	**4,804**	4,766
Other assets	20	**2,019**	2,003
Assets of disposal groups classified as held for sale	13	**77**	75
Total assets		**65,843**	64,761
LIABILITIES			
Due to central banks	21	**2,700**	1,900
Due to credit institutions	22	**4,838**	5,022
Derivative financial instruments	14	**3,036**	2,726
Due to customers	23	**45,301**	44,841
Debt securities in issue	24	**2,221**	2,406
Other liabilities	25	**1,134**	1,191
Liabilities of disposal groups classified as held for sale	13	**11**	8
Total liabilities		**59,241**	58,094
EQUITY			
Share capital	26	**853**	852
Share premium	26	**8,055**	8,054
Reserves and retained earnings		**(2,306)**	(2,241)
Preferred securities	27	**-**	2
Total equity		**6,602**	6,667
Total equity and liabilities		**65,843**	64,761

Notes on pages 6 to 45 form an integral part of these interim consolidated financial statements

Interim Consolidated Income Statement

	Note	Three months ended 31 March 2020 € million	2019 Restated[1] € million
Net interest income	7	**339**	343
Net banking fee and commission income	8	**73**	63
Income from non banking services	19	**19**	3
Net trading income/(loss)		**(1)**	(0)
Gains less losses from investment securities	16	**7**	12
Other income/(expenses)	12	**(3)**	2
Operating income		**434**	423
Operating expenses	9	**(220)**	(217)
Profit from operations before impairments, provisions and restructuring costs		**214**	206
Impairment losses relating to loans and advances to customers	10	**(126)**	(165)
Other impairment losses and provisions	11	**(12)**	(5)
Restructuring costs	11	**(4)**	(6)
Share of results of associates and joint ventures		**(2)**	1
Profit before tax		**70**	31
Income tax	12	**(13)**	(6)
Net profit from continuing operations		**57**	25
Net profit/(loss) from discontinued operations	13	**-**	(3)
Net profit attributable to shareholders		**57**	22
		€	**€**
Earnings per share			
-Basic and diluted earnings per share	6	**0.02**	0.01
Earnings per share from continuing operations			
-Basic and diluted earnings per share	6	**0.02**	0.01

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

Notes on pages 6 to 45 form an integral part of these interim consolidated financial statements

	Three months ended 31 March			
	2020		2019 Restated[1]	
	€ million		€ million	
Net profit		**57**		22
Other comprehensive income:				
Items that are or may be reclassified subsequently to profit or loss:				
Cash flow hedges				
- changes in fair value, net of tax	**(2)**		0	
- transfer to net profit, net of tax	**(1)**	**(3)**	(6)	(6)
Debt securities at FVOCI				
- changes in fair value, net of tax (note 16)	**(24)**		133	
- transfer to net profit, net of tax	**(89)**	**(113)**	(114)	19
Foreign currency translation				
- foreign operations' translation differences	**0**	**0**	1	1
Associates and joint ventures				
- changes in the share of other comprehensive income, net of tax	**(10)**	**(10)**	14	14
		(126)		28
Items that will not be reclassified to profit or loss:				
- Actuarial gains/(losses) on post employment benefit obligations, net of tax (note 25)	**5**	**5**	-	-
Other comprehensive income		**(121)**		28
Total comprehensive income attributable to shareholders:				
- from continuing operations		**(64)**		53
- from discontinued operations		**-**		(3)
		(64)		50

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

Notes on pages 6 to 45 form an integral part of these interim consolidated financial statements

Interim Consolidated Statement of Changes in Equity

	Share capital € million	Share premium € million	Reserves and retained earnings € million	Preferred securities € million	Non controlling interests € million	Total € million
Balance at 1 January 2019, as restated (note 2.2)	655	8,055	(3,709)	42	0	5,043
Net profit (restated, note 2.2)	-	-	22	-	0	22
Other comprehensive income	-	-	28	-	0	28
Total comprehensive income for the three months ended 31 March 2019, as restated	-	-	50	-	0	50
Purchase/sale of treasury shares	1	1	(1)	-	-	1
Preferred securities' dividend paid, net of tax	-	-	(1)	-	-	(1)
	1	1	(2)	-	-	(0)
Balance at 31 March 2019, as restated [(1)]	656	8,056	(3,661)	42	0	5,093
Balance at 1 January 2020	**852**	**8,054**	**(2,241)**	**2**	**(0)**	**6,667**
Net profit	-	-	57	-	0	**57**
Other comprehensive income	-	-	(121)	-	(0)	**(121)**
Total comprehensive income for the three months ended 31 March 2020	**-**	**-**	**(64)**	**-**	**0**	**(64)**
Purchase/sale of treasury shares (note 26)	1	1	(1)	-	-	**1**
Preferred securities' redemption and dividend paid, net of tax	-	-	(0)	(2)	-	**(2)**
	1	**1**	**(1)**	**(2)**	**0**	**(1)**
Balance at 31 March 2020	**853**	**8,055**	**(2,306)**	**-**	**0**	**6,602**
	Note 26	Note 26		Note 27		

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

Notes on pages 6 to 45 form an integral part of these interim consolidated financial statements

	Note	Three months ended 31 March 2020 € million	2019 Restated[(1)] € million
Cash flows from continuing operating activities			
Profit before income tax from continuing operations (note 2.2)		**70**	31
Adjustments for :			
Impairment losses relating to loans and advances to customers	10	**126**	165
Other impairment losses, provisions and restructuring costs (note 2.2)	11	**16**	11
Depreciation and amortisation (note 2.2)	9	**26**	28
Other (income)/losses on investment securities	29	**58**	65
(Income)/losses on debt securities in issue	29	**20**	18
Other adjustments		**3**	(2)
		319	316
Changes in operating assets and liabilities			
Net (increase)/decrease in cash and balances with central banks		**12**	(69)
Net (increase)/decrease in securities held for trading		**58**	(10)
Net (increase)/decrease in due from credit institutions		**(239)**	(326)
Net (increase)/decrease in loans and advances to customers		**(576)**	(246)
Net (increase)/decrease in derivative financial instruments		**48**	150
Net (increase)/decrease in other assets		**(16)**	(33)
Net increase/(decrease) in due to central banks and credit institutions		**616**	(513)
Net increase/(decrease) in due to customers		**460**	341
Net increase/(decrease) in other liabilities		**(81)**	(17)
		282	(723)
Income tax paid		**(6)**	(3)
Net cash from/(used in) continuing operating activities		**595**	(410)
Cash flows from continuing investing activities			
Acquisition of fixed and intangible assets	19	**(169)**	(25)
Proceeds from sale of fixed and intangible assets		**5**	4
(Purchases)/sales and redemptions of investment securities		**(917)**	340
Acquisition of holdings in associates and joint ventures and participations in capital increases	18	**(1)**	(1)
Disposal of subsidiaries, net of cash disposed		**-**	2
Net cash from/(used in) continuing investing activities		**(1,082)**	320
Cash flows from continuing financing activities			
(Repayments)/proceeds from debt securities in issue		**(204)**	193
Repayment of lease liabilities		**(9)**	(11)
Redemption of preferred securities	27	**(2)**	-
Preferred securities' dividend paid	27	**(0)**	(1)
(Purchase)/sale of treasury shares		**1**	1
Net cash from/(used in) continuing financing activities		**(214)**	182
Effect of exchange rate changes on cash and cash equivalents		**0**	0
Net increase/(decrease) in cash and cash equivalents from continuing operations		**(701)**	92
Cash and cash equivalents at beginning of period	29	**4,551**	1,949
Cash and cash equivalents at end of period	29	**3,850**	2,041

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

Notes on pages 6 to 45 form an integral part of these interim consolidated financial statements

1. General information

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

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

These interim consolidated financial statements were approved by the Board of Directors on 27 May 2020.

2. Basis of preparation and principal accounting policies

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting' as endorsed by the European Union (EU). The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period or to reflect changes in the accounting policies that were applied in the year ended 31 December 2019 (note 2.2 below). Unless indicated otherwise, financial information presented in Euro has been rounded to the nearest million.

The accounting policies and methods of computation in these interim consolidated financial statements are consistent with those in the consolidated financial statements for the year ended 31 December 2019, except as described below (note 2.1).

Going concern considerations

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

2020 had begun with positive medium-term prospects for the economy in Greece and the other countries where the Group has a substantial presence, however the coronavirus (covid-19) outbreak posed substantial uncertainties and risks for both macroeconomic environment and the ability of lots of businesses to operate under the restrictive measures adopted to contain the virus's expansion. The global economic slowdown from the recent covid-19 pandemic is mainly related with the disruption of trade and global supply chains and the risks that the local lockdowns in the majority of countries from mid-March 2020 create for the 2020 world growth and beyond.

The lockdown in Greece started in mid-March 2020 and a gradual relief takes place according to the Greek government's plan from 4 May 2020 onwards. Greece's real GDP in 2020 is expected to recede significantly, with the notable negative economic impact expected within the first half of 2020. The European and Greek economy are expected to rebound in the second half of 2020, if the virus is contained. The effects of covid-19 on the economic activity depend heavily on the timing of the curbing of its expansion and of lift of lockdown measures, the nature and size of fiscal and monetary support measures, the virus' epidemiological behavior and the impact on consumer and investor behavior post-crisis in the second half of the year. A significantly adverse impact on certain sectors of the Greek economy is expected, including a) lower tourism revenues, b) reductions in the demand for the manufacturing sector's products, as a result of the slowdown in key markets, c) disruptions in the manufacturing sector's supply chains and d) decrease in shipping activity due to the expected decline in global trade. The European Commission (EC), in its recent 2020 Spring forecasts (8 May 2020), estimates a 9.7% drop of real GDP in Greece in 2020, followed by a 7.9% recovery in 2021 and predicts a rise in the 2020 unemployment rate to 19.9% from 17.3% in 2019. On the fiscal front, according to the recently published 6th Review of the Enhanced Surveillance, Greece's primary balance is expected to register a deficit of 3.5% of GDP in 2020 from a surplus of 3.5% of GDP in 2019, due to reduced public revenue and to the public support measures of € 6.2 billion as of end of April 2020, aimed in addressing the economic effects of the covid-19 pandemic. The primary balance is expected to register a surplus of 0.7% of GDP in 2021. On 15 April 2020, amid the covid-19 lockdown, the Greek Public Debt Management Agency (PDMA) issued a seven-year bond of € 2 billion at a yield of 2.013%. Furthermore, according to the ECB's decision notified to the Bank on 6 March 2020, it has been concluded that the reasons to impose sovereign limits on the Greek banks' (including Eurobank) exposure towards the Hellenic Republic have ceased to exist and therefore its previous decision on those limits shall be repealed.

In response to the covid-19 outbreak, there has been a monetary, fiscal and regulatory support to the economy and the banking system by both Greek Government and European authorities. In particular, the Eurogroup held on 4 March 2020, decided that non-permanent deviations of member states from the agreed fiscal paths due to unusual effects outside the control of their governments, i.e. the effects of the pandemic, are acceptable. At the same time, the EC introduced a Temporary Framework for State Aid, i.e. a deviation from the strict state aid rules that the member states can use in order to support their economy during the covid-19 outbreak. A number of additional tools and initiatives at the European Union (EU) / Eurozone level aim at mitigating the negative effects of the covid-19 epidemic including the Coronavirus Response Investment Initiative, the Solidarity Fund financial support, the Emergency Support Instrument for the health-sector, the SURE instrument for employment, the EIB pan-European guarantee fund for SMEs and the ESM Pandemic Crisis Support. The Greek government from mid-March 2020 announced a series of fiscal measures aiming to smooth the negative effect of the covid-19 outbreak. According to its most recent announcement on 20 May 2020, the domestic cost of the public support measures is estimated at a minimum of € 14.5 billion (including the above mentioned measures of € 6.2 billion) and contain, among others, temporary allowances for employees and free lancers whose jobs got suspended, tax and other relief measures to individuals and businesses, loan guarantees, interest subsidies and temporary reductions in various VAT rates of goods and services whose consumption is expected to be affected significantly in the following months. According to the Greek government, the aforementioned EU tools and initiatives will increase the funds aiming to address the impact of the covid-19 pandemic up to € 24 billion.

Furthermore the ECB, on 24 March 2020 established a temporary Pandemic Emergency Purchase Programme (PEPP) with an overall financial envelope of € 750 billion. The PEPP will last until the end of 2020 and the marketable debt securities issued by the Hellenic Republic will be eligible too. The PEPP came on top of the ECB liquidity measures of 12 March 2020 (additional Long Term Financing operations, more favorable terms for the Targeted Long Term Operations, new Asset Purchase Programme of € 120 billion).

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

Regarding the outlook for the next 12 months, the covid-19 outbreak poses significant challenges to a number of activities and initiatives critical for the medium-term economic prospects of the region, indicatively: (i) the implementation of the reforms and privatizations' program, (ii) the implementation of the Public Investments Program, (iii) the attraction of new investments in the country.

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

The Group's total CAD and Common Equity Tier 1 (CET1) ratios stood at 17.8% and 15.4% respectively as at 31 March 2020, and the net profit attributable to shareholders amounted to € 57 million (€ 60 million net profit from continuing operations before € 3 million restructuring costs after tax) for the first quarter of 2020. Furthermore, as at 31 March 2020, the Group deposits have increased by € 0.5 billion to € 45.3 billion (2019: € 44.8 billion), leading the Group's (net) loans to deposits (L/D) ratio to 83.4% as at 31 March 2020 (2019: 83.2%). In the context of the internal liquidity stress test framework, which is part of the 2020 ILAAP (Internal Liquidity Adequacy Assessment Process), the results of the short and medium term liquidity stress tests indicate that the Bank has adequate liquidity buffer to withstand to all of the stress test scenario effects.

As at 31 March 2020, the Group's NPEs' stock amounting to € 13 billion, remained relatively stable compared to 31 December 2019. Pursuant to Law 4649/2019, on 25 February 2020, Eurobank submitted to the Ministry of Finance two applications for opting-in to the Hellenic Asset Protection Scheme ("HERCULES") of the Cairo I and Cairo II securitizations and on 15 May 2020 of the Cairo III securitization. The aforementioned three securitizations and the agreement with an international investor on the projects Cairo (note 24) and FPS sale (note 13) are key components of the forward-looking strategy of Eurobank Holdings Group, aiming at reducing the NPE ratio in the 15% region from 29% as at 31 March 2020.

Going concern assessment

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

2.1 New and amended standards and interpretations adopted by the Group

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

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

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

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

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

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

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

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

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

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

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

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

As of 31 March 2020, the Group is exposed to a number of interest rate benchmarks within its hedge accounting relationships such as the Euribor, the USD Libor, the CHF Libor and the Euro Overnight Index Average (EONIA) with maturity beyond 2021, when the transition to the new RFRs is expected to be completed. The nominal amount of the hedging instruments designated in these hedge relationships approximates the extent of the risk exposure the Group manages through hedging relationships.

Regarding Euribor rate, from 2 July 2020, the index is EU Benchmarks Regulation (BMR) compliant as a critical benchmark. As of 31 March 2020, Euribor is not scheduled to be discontinued. However, contracts and financial instruments referencing Euribor need to incorporate new or improved fallback provisions in the context of the BMR and in order to reduce uncertainties in the event of a potential, temporary or permanent, index cessation. The Group follows closely the market developments regarding the choice of Euribor fallbacks.

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

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

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

Amendments to IFRS 3 Business Combinations

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

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

Amendments to IAS 1 and IAS 8: Definition of Material

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

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

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

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

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

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

As a result the comparative information referring to the first quarter of 2019 has been restated due to the reversal of the depreciation and impairment of investment property previously recognized under the cost model in the above mentioned period. In particular, the consolidated income statement for the period ended 31 March 2019 has been restated by € 2 million profit, net of tax, increasing respectively the Group's total equity as of the same date. The table below presents the adjustments recognized for each individual line item of the consolidated income statement for the comparative period, whereas line items which were not affected by the changes have not been included.

	31 March 2019		
Consolidated Income Statement	As published € million	Restatement € million	**Restated** **€ million**
Operating expenses	(218)	1	**(217)**
Profit from operations before impairments, provisions and restructuring costs	205	1	**206**
Other impairment losses and provisions	(6)	1	**(5)**
Share of results of associates and joint ventures	1	0	**1**
Profit before tax	29	2	**31**
Income tax	(6)	(0)	**(6)**
Net profit from continuing operations	23	2	**25**
Net profit attributable to shareholders	20	2	**22**

3. Significant accounting estimates and judgments in applying accounting policies

In preparing these interim consolidated financial statements, the significant estimates, judgments and assumptions made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied in the consolidated financial statements for the year ended 31 December 2019, except for those that relate to the impact of the covid-19 pandemic to the estimation of the expected credit losses on loans and advances to customers as analyzed below, as well as, the deferred tax's recoverability assessment (note 12).

Impairment losses on loans and advances to customers

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

Although ECL calculation methodology regarding the use of scenarios and the incorporation of forward-looking information remained unchanged from those applied for the year ended 31 December 2019, the Group revised the forward-looking information in order to capture the negative impact of the pandemic, based on the most recent economic forecasts available as at 31 March 2020. In addition, Management applied the appropriate level of judgement regarding its expectations for the severity and the longevity of the economy's negative outlook, in line with the IASB, ECB and other Banking regulators' statements, which emphasize the need for overlays where the risk models do not capture the specific circumstances.

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

Determination of significant increase in credit risk

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

As at 31 March 2020, the Group used the same ranges of lifetime PD thresholds and credit rating deterioration thresholds as those used at 31 December 2019, for the purposes of identification of significant increase in credit risk in its Retail and Corporate lending portfolios, respectively. However, in assessing whether a significant increase in credit risk has occurred, the Management applied overlays, where appropriate, in order to address the effect of relief measures and other government support programs and to distinguish between borrowers that face or will face temporary liquidity needs or may be more permanently impacted.

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

ECL measurement

Forward-looking information

The Group, in order to respond to the unprecedented circumstances of the covid-19 crisis, revised the forward-looking information applied in the calculation of the ECL, regarding the key macroeconomic variables namely the real GDP growth, unemployment and property indices.

For 2020, the updated macroeconomic variables for Greece incorporate a sharp contraction in the real GDP growth rate, a significant increase in the unemployment rate and a decrease in the residential and commercial property indices. Conditional on non major negative effects in the productive capacity of the economy, and no further negative impact from the covid-19 developments, a partial rebound in economic performance is expected in 2021. More specifically, for the period 2020-2021, the net decline in the real GDP growth rate stands at 2.5% and the net decrease in residential and commercial property indices at 3.0% and 4.0%, respectively, while the unemployment rate is expected 18.7% at the end of 2021. For comparison purposes, the 2020-2021 forecasts in the pre-covid-19 environment were for a net increase in the real GDP growth rate, residential and commercial property indices at 4.7%, 7.9% and 8.3%, respectively, while the unemployment was expected 15.1% at the end of 2021. Further information regarding the real GDP growth and unemployment rates based on the European Commission's 2020 Spring forecasts (8 May 2020) is provided in note 2.

Covid-19 relief measures ('moratoria')

Covid-19 relief measures provided by the Group to eligible borrowers are mainly in the form of arrears capitalization, payment holidays (installment for Retail portfolio and capital re-payment for the Corporate portfolio) deferred from three to nine months (subject to renewal based on the outcome of the crisis) along with the extension of the loans' maturity. Based on Banking regulators' guidance, such measures should not be treated as forbearance and do not automatically trigger significant increase in credit risk.

Furthermore, the Bank recently announced a support measures' package, specifically addressed to one of the most affected from the covid-19 crisis Greek industries - hoteling, the main features being the principal payments' deferral up to 31 December 2021 for eligible borrowers, the disbursement of new working capital facilities and the continuation of the financing of already approved capital investments.

Government support measures

In addition to the payment holidays on existing loans, the government in the countries where the Group operates in has initiated various programs, in order to stimulate liquidity and economic activity and to alleviate the consequences of the covid-19 outbreak. Such measures involve the suspension of tax payments and social security contributions, financial compensations for employees from directly affected by the lock down companies, as well as, government guarantees, co-financing and subsidized interest payments for new disbursements.

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

(i) State participation (40%) zero-interest bearing for newly disbursed loans, accompanied with a state-subsidy for the interest owed on the rest (60%) of the principal for the first 2 years, (ii) State aid in the form of a guarantee for the 80% of the principal and the accrued interest during a period of 90 consecutive days. The Bank will participate into the newly established Guarantee Fund Covid-19, which will be co-financed by the European Regional Development Fund (ERDF) and the Greek State, (iii) disbursement of new loans financed by the European Investment Bank and (iv) State provides for a three-month interest subsidy program to eligible corporate borrowers on existing lending facilities, which could be opted in combination with the other covid-19 relief measures.

Management takes into consideration the above measures when estimating the covid-19 impact on the calculation of ECL, specifically for borrowers from the most negatively affected industries.

Further information about the key assumptions and sources of estimation uncertainty are set out in notes 10, 12, 13, 25, 28 and 30.

4. Capital Management

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

	31 March 2020 € million	31 December 2019 € million
Total equity	**6,602**	6,667
Add: Adjustment due to IFRS 9 transitional arrangements	**739**	897
Less: Preferred securities	**-**	(2)
Less: Goodwill	**(161)**	(161)
Less: Other regulatory adjustments	**(555)**	(484)
Common Equity Tier 1 Capital	**6,625**	6,917
Add: Preferred securities subject to phase-out	**-**	-
Total Tier 1 Capital	**6,625**	6,917
Tier 2 capital-subordinated debt	**950**	950
Add: Other regulatory adjustments	**70**	97
Total Regulatory Capital	**7,645**	7,964
Risk Weighted Assets	**42,953**	41,407
Ratios:	**%**	%
Common Equity Tier 1	**15.4**	16.7
Tier 1	**15.4**	16.7
Total Capital Adequacy Ratio	**17.8**	19.2

Note: The Group's CET1 as at 31 March 2020, based on the full implementation of the Basel III rules in 2024 (fully loaded CET1), would be 13.7% (31 December 2019: 14.6%).

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

Based on Council Regulation No 1024/2013, the European Central Bank (ECB) conducts annually a Supervisory Review and Evaluation Process (SREP) in order to define the prudential requirements of the institutions under its supervision. The key purpose of the SREP is to ensure that institutions have adequate arrangements, strategies, processes and mechanisms as well as capital and liquidity to ensure a sound management and coverage of their risks, to which they are or might be exposed, including those revealed by stress testing and risks the institution may pose to the financial system.

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

Taking into account the aforementioned developments and the 2019 SREP decision, for 2020, the Group is required to meet a Common Equity Tier 1 ratio of at least 9.27% (instead of 10.58% required in the pre-covid-19 outbreak) and a Total Capital Adequacy Ratio of at least 14.08% (Overall Capital Requirements or OCR), including the Combined Buffer Requirement (the OCR remains at the same level as in the pre-covid-19 outbreak). The capital relief measures mentioned above do not change the level of the Combined Buffer Requirement (remains at 3.08% and covered with CET1 capital), which sits on top of the Total SREP Capital Ratio (11%) resulting in an OCR of 14.08% in terms of total capital. According to the FAQs published by the ECB (last updated 3 April 2020), the allowance provided to banks to temporarily operate below the combined buffer requirement results in the ECB taking a flexible approach to approving capital conservation plans that banks are legally required to submit if they breach the combined buffer requirement.

	31 March 2020	
	CET1 Capital Requirements	**Total Capital Requirements**
Minimum regulatory requirement	**4.50%**	**8.00%**
Pillar 2 Requirement (P2R)	1.69%	3.00%
Total SREP Capital Requirement (TSCR)	**6.19%**	**11.00%**
Combined Buffer Requirement (CBR)		
Capital conservation buffer (CCoB)	2.50%	2.50%
Countercyclical capital buffer (CCyB)	0.08%	0.08%
Other systemic institutions buffer (O-SII)	0.50%	0.50%
Overall Capital Requirement (OCR)	**9.27%**	**14.08%**

2020 EU – wide stress test postponed to 2021

An EU - wide stress test was announced by the European Banking Authority (EBA), launched in January 2020, to assess the resilience of EU banks to an adverse economic shock. This was initiated and coordinated by the EBA, in close cooperation with the European Systemic Board (ESRB), the competent Authorities (including the Single Supervisory Mechanism – SSM) and the European Central Bank (ECB).

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

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

On 12 March 2020, the EBA decided to postpone the EU-wide stress test exercise to 2021 to mitigate the impact of covid-19 on the EU banking sector and thus allow banks to focus on and ensure continuity of their core operations, including support for their customers. In the light of the operational pressure on banks, the ECB stated that it supports the above decision by the EBA and will extend the postponement to all banks subject to the 2020 ECB SREP stress test. For 2020, the EBA launched on 4 May an additional EU-wide transparency exercise to provide market participants with updated information on the financial conditions of EU banks as of 31 December 2019, prior to the start of the covid-19 pandemic. The EBA expects to publish the results of this exercise at the beginning of June.

5. Operating segment information

Management has determined the operating segments based on the internal reports reviewed by the Strategic Planning Committee that are used to allocate resources and to assess their performance in order to make strategic decisions. The Strategic Planning Committee considers the business both from a business unit and geographic perspective. Geographically, management considers the performance of its business activities originated from Greece and other countries in Europe (International).

As of the first quarter of 2020, Greece is further segregated into retail, corporate, global, capital markets & asset management and investment property. Wealth management operations, previously reported as a separate segment, have been allocated to global, capital markets & asset management and other operations as presented below. International is monitored and reviewed on a country basis. The Group aggregates segments when they exhibit similar economic characteristics and profile and are expected to have similar long-term economic development.

In more detail, the Group is organized in the following reportable segments:

- Retail: incorporating customer current accounts, savings, deposits and investment savings products, credit and debit cards, consumer loans, small business banking and mortgages.
- Corporate: incorporating current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products to corporate entities, custody, cash management and trade services.
- Global, Capital Markets & Asset Management: incorporating investment banking services including corporate finance, merger and acquisitions advice, financial instruments trading and institutional finance to corporate and institutional entities, as well as, specialized financial advice and intermediation to private and large retail individuals and to small and large corporate entities. In addition, as of the first quarter of 2020, this segment incorporates mutual fund and investment savings products and institutional asset management, which were previously incorporated in the Wealth Management segment, and equity brokerage, which was previously incorporated in the Corporate segment.
- International: incorporating operations in Bulgaria, Serbia, Cyprus, Luxembourg and Romania.
- Investment Property: As of the second quarter of 2019, following the merger of Eurobank Ergasias with Grivalia, the investment property activities (Bank, Eurobank Ergasias Leasing S.A. and former Grivalia group) relating to a diversified portfolio of commercial assets, with high yield on prime real estate assets, in the office, retail, logistics, infrastructure and hospitality sectors, are monitored as a separate Group segment.

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

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

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

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

Operating segments

	For the three months ended 31 March 2020						
	Retail € million	Corporate € million	Global, Capital Markets & Asset Mngt € million	Investment Property € million	International € million	Other and Elimination center € million	Total € million
Net interest income	122	82	50	(4)	96	(7)	339
Net commission income	12	12	23	(0)	26	(0)	73
Other net revenue	3	(2)	10	17	1	(7)	22
Total external revenue	137	92	83	13	123	(14)	434
Inter-segment revenue	6	13	(10)	1	(1)	(9)	-
Total revenue	143	105	73	14	122	(23)	434
Operating expenses	(106)	(35)	(13)	(8)	(59)	1	(220)
Impairment losses relating to loans and advances to customers	(91)	(21)	-	-	(14)	(0)	(126)
Other impairment losses and provisions (note 11)	(2)	(1)	(6)	(0)	(1)	(2)	(12)
Share of results of associates and joint ventures	0	0	(0)	0	(0)	(2)	(2)
Profit/(loss) before tax from continuing operations before restructuring costs	(56)	48	54	6	48	(26)	74
Restructuring costs (note 11)	(3)	(0)	0	-	-	(1)	(4)
Profit/(loss) before tax from continuing operations	(59)	48	54	6	48	(27)	70
Non controlling interests	-	-	-	-	(0)	(0)	(0)
Profit/(loss) before tax attributable to shareholders	(59)	48	54	6	48	(27)	70

	31 March 2020						
	Retail € million	Corporate € million	Global, Capital Markets & Asset Mngt € million	Investment Property € million	International € million	Other and Elimination center [(1)] € million	Total € million
Segment assets	19,687	13,842	15,045	1,439	15,091	739	65,843
Segment liabilities	25,296	6,859	9,758	254	13,489	3,585	59,241

The International segment is further analyzed as follows:

	For the three months ended 31 March 2020					
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Luxembourg € million	Total € million
Net interest income	2	48	14	26	6	96
Net commission income	(0)	14	3	7	2	26
Other net revenue	(1)	(1)	(0)	3	(0)	1
Total external revenue	1	61	17	36	8	123
Inter-segment revenue	-	0	(0)	0	(1)	(1)
Total revenue	1	61	17	36	7	122
Operating expenses	(1)	(30)	(12)	(11)	(5)	(59)
Impairment losses relating to loans and advances to customers	(3)	(9)	(1)	(1)	(0)	(14)
Other impairment losses and provisions	-	(0)	(0)	(1)	(0)	(1)
Share of results of associates and joint ventures	0	-	(0)	-	-	(0)
Profit/(loss) before tax from continuing operations	(3)	22	4	23	2	48
Non controlling interests	-	(0)	(0)	-	-	(0)
Profit/(loss) before tax attributable to shareholders	(3)	22	4	23	2	48

	31 March 2020					
	Romania	Bulgaria	Serbia	Cyprus	Luxembourg	International
	€ million	€ million	€ million	€ million	€ million	€ million
Segment assets[2]	366	5,428	1,545	6,303	1,451	15,091
Segment liabilities[2]	535	4,828	1,133	5,732	1,262	13,489

	For the three months ended 31 March 2019 restated						
	Retail	Corporate	Wealth Management	Global & Capital Markets	International	Other and Elimination center	Total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Net interest income	127	76	3	50	89	(2)	343
Net commission income	13	16	7	5	22	0	63
Other net revenue	0	3	0	6	3	5	17
Total external revenue	140	95	10	61	114	3	423
Inter-segment revenue	4	3	1	(6)	(1)	(1)	-
Total revenue	144	98	11	55	113	2	423
Operating expenses (note 2.2)	(107)	(31)	(6)	(19)	(50)	(4)	(217)
Impairment losses relating to loans and advances to customers	(119)	(27)	(0)	-	(19)	-	(165)
Other impairment losses and provisions (note 2.2)	(1)	(1)	(0)	0	(0)	(3)	(5)
Share of results of associates and joint ventures	(0)	(0)	1	-	(0)	(0)	1
Profit/(loss) before tax from continuing operations before restructuring costs	(83)	39	6	36	44	(5)	37
Restructuring costs (note 11)	(5)	(0)	(0)	-	-	(1)	(6)
Profit/(loss) before tax from continuing operations	(88)	39	6	36	44	(6)	31
Loss before tax from discontinued operations	-	-	-	-	(5)	(0)	(5)
Non controlling interests	-	-	-	-	(0)	(0)	(0)
Profit/(loss) before tax attributable to shareholders	(88)	39	6	36	39	(6)	26

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

	For the three months ended 31 March 2019 restated					
	Romania	Bulgaria	Serbia	Cyprus	Luxembourg	Total
	€ million	€ million	€ million	€ million	€ million	€ million
Net interest income	2	40	15	25	7	89
Net commission income	(0)	11	3	6	2	22
Other net revenue	1	1	0	1	0	3
Total external revenue	3	52	18	32	9	114
Inter-segment revenue	-	0	(0)	(0)	(1)	(1)
Total revenue	3	52	18	32	8	113
Operating expenses (note 2.2)	(2)	(22)	(12)	(10)	(4)	(50)
Impairment losses relating to loans and advances to customers	(6)	(8)	(2)	(3)	(0)	(19)
Other impairment losses and provisions (note 2.2)	-	(0)	0	(0)	0	(0)
Share of results of associates and joint ventures	(0)	-	(0)	-	-	(0)
Profit/(loss) before tax from continuing operations	(5)	22	4	19	4	44
Loss before tax from discontinued operations	(5)	-	-	-	-	(5)
Non controlling interests	-	(0)	(0)	-	-	(0)
Profit/(loss) before tax attributable to shareholders	(10)	22	4	19	4	39

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

[1] *Interbank eliminations between International and the other Group's segments are included.*

[2] *Intercompany balances among the Countries have been excluded from the reported assets and liabilities of International segment.*

6. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding the average number of ordinary shares purchased by the Group and held as treasury shares.

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. Following the redemption of the preferred securities (Series D) completed on 29 October 2019, the Group has no longer potentially dilutive ordinary shares (note 27).

		Three months ended 31 March	
		2020	2019 restated
Net profit for the period attributable to ordinary shareholders (note 2.2) [1]	*€ million*	**57**	21
Net profit for the period from continuing operations attributable to ordinary shareholders (note 2.2) [1]	*€ million*	**57**	25
Weighted average number of ordinary shares in issue for basic earnings per share	*Number of shares*	***3,706,881,364***	*2,185,308,934*
Weighted average number of ordinary shares in issue for diluted earnings per share	*Number of shares*	-	*2,218,883,314*
Earnings per share			
- Basic and diluted earnings per share	€	**0.02**	0.01
Earnings per share from continuing operations			
- Basic and diluted earnings per share	€	**0.02**	0.01

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

Basic and diluted losses per share from discontinued operations for the period ended 31 March 2020 is nil (31 March 2019: € 0.002 basic and diluted losses per share).

7. Net interest income

	31 March 2020 € million	31 March 2019 € million
Interest income		
Customers	**351**	363
Banks and other assets	**0**	15
Securities	**47**	44
Derivatives	**114**	109
	512	531
Interest expense		
Customers	**(36)**	(46)
Banks	**(9)**	(14)
Debt securities in issue	**(25)**	(26)
Derivatives	**(102)**	(100)
Lease liabilities - IFRS 16	**(1)**	(2)
	(173)	(188)
Total from continuing operations	**339**	343

8. Net banking fee and commission income

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

	31 March 2020					
	Retail € million	Corporate € million	Global, Capital Markets & Asset Mngt € million	International € million	Other and Elimination center € million	Total € million
Lending related activities	**2**	**9**	**2**	**3**	**0**	**16**
Mutual funds and assets under management	**3**	**0**	**7**	**3**	**2**	**15**
Network activities and other [(1)]	**7**	**1**	**6**	**19**	**(2)**	**31**
Capital markets	**-**	**2**	**8**	**1**	**0**	**11**
Total from continuing operations	**12**	**12**	**23**	**26**	**(0)**	**73**

	31 March 2019						
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	International € million	Other and Elimination center € million	Total € million
Lending related activities	1	10	0	1	3	(0)	15
Mutual funds and assets under management	3	0	7	0	2	0	12
Network activities and other [(1)]	9	3	(0)	3	16	(0)	31
Capital markets	-	3	0	1	1	0	5
Total from continuing operations	13	16	7	5	22	0	63

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

9. Operating expenses

	31 March 2020 € million	31 March 2019 restated € million
Staff costs	**(117)**	(120)
Administrative expenses	**(57)**	(51)
Contributions to resolution and deposit guarantee funds	**(19)**	(17)
Depreciation of real estate properties and equipment (note 2.2)	**(9)**	(9)
Depreciation of right of use assets	**(10)**	(12)
Amortisation of intangible assets	**(7)**	(7)
Operating lease rentals	**(1)**	(1)
Total from continuing operations	**(220)**	(217)

The average number of employees of the Group during the period was 13,385 (31 March 2019: 13,130 for continuing operations). As at 31 March 2020, the number of branches and business/private banking centers of the Group amounted to 651.

10. Impairment allowance for loans and advances to customers

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

	31 March 2020			
	12-month ECL-Stage 1 € million	Lifetime ECL-Stage 2 € million	Lifetime ECL credit-impaired[(1)] € million	Total € million
Impairment allowance as at 1 January 2020	136	407	6,556	7,099
Transfers between stages	17	45	(62)	-
Impairment loss for the period	(22)	(20)	143	101
Recoveries from written - off loans	-	-	4	4
Loans and advances derecognised/ reclassified as held for sale during the period[(2)]	(0)	(0)	(11)	(11)
Amounts written off	-	-	(11)	(11)
Unwinding of Discount	-	-	(43)	(43)
Foreign exchange and other movements	3	0	15	18
Impairment allowance as at 31 March 2020	**134**	**432**	**6,591**	**7,157**

	31 March 2019			
	12-month ECL-Stage 1 € million	Lifetime ECL-Stage 2 € million	Lifetime ECL credit-impaired[1] € million	Total € million
Impairment allowance as at 1 January 2019	146	711	7,943	8,800
Transfers between stages	31	29	(60)	-
Impairment loss for the period	(2)	(3)	163	158
Recoveries from written - off loans	-	-	3	3
Loans and advances derecognised during the period [2]	-	-	(47)	(47)
Amounts written off	-	-	(22)	(22)
Unwinding of Discount	-	-	(58)	(58)
Foreign exchange and other movements	(29)	(27)	44	(12)
Impairment allowance as at 31 March 2019	**146**	**710**	**7,966**	**8,822**

[1] The impairment allowance for POCI loans of € 4 million is included in 'Lifetime ECL credit-impaired' stage (31 March 2019: € 0.1 million).
[2] It represents the impairment allowance of loans derecognized during the period due to a) sale transactions and b) substantial modifications of the loans' contractual terms and those that have been reclassified as held for sale during the current period (note 13).

The impairment losses relating to loans and advances to customers recognized in the Group's income statement for the period ended 31 March 2020 amounted to € 126 million (31 March 2019: € 165 million) and are analyzed as follows:

	31 March 2020 € million	31 March 2019 € million
Impairment loss on loans and advances to customers	**(101)**	(158)
Modification loss on loans and advances to customers	**(26)**	(17)
Impairment (loss)/ reversal for credit related commitments	**1**	10
Total	**(126)**	(165)

Impairment losses relating to loans and advances to customers recognized in the Group's income statement for the period ended 31 March 2020, reflect mainly the large-scale negative impact of the covid-19 crisis to the Greek economy and the relevant effect to the forward-looking information used in the ECL calculation (note 3).

In particular, despite their initially expected reduction in the first two months of 2020, the impairment losses recognized by the Group for the first quarter of 2020 remained at similar level as in the fourth quarter of 2019, due to the exceptional covid-19 pandemic circumstances and the prevailing uncertainties for the timing and the prospects of the economy's recovery (note 2). More specifically at the end of 2019, the Group expected for 2020 a significant decrease in the amount of the impairment losses, driven by the improvement in the before covid-19 macroeconomic environment, the positive impact on the Group's lending portfolios from the acceleration of its NPE de-leveraging program, as well as, the expected outcome from other recovery measures, employed as part of the Bank's NPE management strategy. However, given the uncertainties arising from the covid-19 outbreak, the Group's cost of risk[1] for the three months ended 31 March 2020 stands at 1.34%, compared to the pre-covid-19 estimate of 0.9% for 2020.

The Group continues to monitor closely and constantly re-assesses all the latest available information due to the high uncertainty, arising from the lack of visibility for the duration of the lockdown measures and the possibility of their re-enactment, the nature, size and effectiveness of the state support measures, as well as, the consumer and investment post-crisis behavioural impact.

[1] Cost of risk represents the Group's Impairment losses relating to loans and advances charged in the reported period, annualised and divided by the average balance of loans and advances to customers at amortised cost (Appendix of the Report of Directors for the year ended 2019).

11. Other impairments, restructuring costs and provisions

	31 March 2020 € million	31 March 2019 restated € million
Impairment and valuation losses on real estate properties (note 2.2)	**(2)**	(3)
Impairment (losses)/ reversal on bonds (note 16)	**(7)**	1
Other impairment losses and provisions [(1)]	**(3)**	(3)
Other impairment losses and provisions	**(12)**	(5)
Voluntary exit schemes and other related costs (note 25)	**(3)**	(5)
Other restructuring costs	**(1)**	(1)
Restructuring costs	**(4)**	(6)
Total from continuing operations	**(16)**	(11)

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

12. Income tax

	31 March 2020 € million	31 March 2019 € million
Current tax	**(12)**	(12)
Deferred tax	**(1)**	6
Total income tax from continuing operations	**(13)**	(6)

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

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

Tax certificate and open tax years

The Company and its subsidiaries, associates and joint ventures, which operate in Greece (notes 17 and 18) have in principle 1 to 6 open tax years. For the open tax years 2014-2015 the Company and the Group's Greek entities, with annual financial statements audited compulsorily, were required to obtain an 'Annual Tax Certificate' pursuant to the Law 4174/2013, which is issued after a tax audit is performed by the same statutory auditor or audit firm that audits the annual financial statements. For fiscal years starting from 1 January 2016 onwards, the 'Annual Tax Certificate' is optional, however, the Company and (as a general rule) the Group's Greek companies will continue to obtain such certificate.

The tax certificates, which have been obtained by the Company and its subsidiaries, associates and joint ventures, which operate in Greece, are unqualified for the open tax years 2014-2018. For the year ended 31 December 2019, the tax audits from external auditors are in progress.

In accordance with the Greek tax legislation and the respective Ministerial Decisions issued, additional taxes and penalties may be imposed by the Greek tax authorities following a tax audit within the applicable statute of limitations (i.e. in principle five years as from the end of the fiscal year within which the relevant tax return should have been submitted), irrespective of whether an unqualified tax certificate has been obtained from the tax paying company. In light of the above, as a general rule, the right of the Greek State to impose taxes up to tax year 2013 (included) has been time-barred for the Company and the Group's Greek entities as at 31 December 2019.

The open tax years of the foreign banking entities of the Group are as follows: (a) Eurobank Cyprus Ltd, 2018-2019, (b) Eurobank Bulgaria A.D., 2014-2019, (c) Eurobank A.D. Beograd (Serbia), 2014-2019, and (d) Eurobank Private Bank Luxembourg S.A., 2015-2019. The remaining foreign entities of the Group (notes 17 and 18), which operate in countries where a statutory tax audit is explicitly stipulated by law, have 1 to 6 open tax years in principle, subject to certain preconditions of the applicable tax legislation of each jurisdiction.

Receivables from withholding taxes

Law 4605/2019 (article 93) provided clarifications regarding the treatment of the Bank's withholding tax amounts under Law 2238/1994 (amounting to € 50 million) in a manner that safeguards these tax amounts by providing for their offsetting with the Bank's corporate income tax whenever this becomes due.

Law 4605/2019 further addresses the treatment of tax receivables of Law 4046/2012 (for years 2010, 2011 and 2012), which provides for a five year settlement of tax withheld on interest from GGBs/Tbills/corporate bonds with the Greek State's guarantee against the banks' corporate income tax. In particular, Law 4605/2019 clarified that any remaining amounts (i.e. not offsettable withholding taxes within the set five-year period) will be then offset against all taxes within ten years in equal installments starting from 1 January 2020. As at 31 March 2020, the Bank's receivables subject to the abovementioned law amount to € 13.7 million, of which the first 1/10 was refunded to the Bank through offsetting with current tax liabilities within the second quarter of 2020.

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

Deferred tax

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

The movement on deferred tax is as follows:

	31 March 2020 € million
Balance at 1 January	**4,757**
Income statement credit/(charge)	**(1)**
Investment securities at FVOCI	**41**
Cash flow hedges	**1**
Actuarial gain/losses	**(2)**
Other	**(1)**
Balance at 31 March	**4,795**

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

	31 March 2020 € million	31 December 2019 € million
Impairment/ valuation relating to loans and accounting write-offs	**1,626**	1,592
PSI+ tax related losses	**1,089**	1,101
Losses from disposals and crystallized write-offs of loans	**1,960**	1,985
Other impairments/ valuations through the income statement	**207**	201
Unused tax losses	**1**	2
Costs directly attributable to equity transactions	**14**	16
Cash flow hedges	**19**	17
Defined benefit obligations	**12**	14
Real estate properties and equipment	**(51)**	(47)
Investment securities at FVOCI	**(150)**	(191)
Other	**68**	67
Net deferred tax	**4,795**	4,757

The net deferred tax is analyzed as follows:

	31 March 2020 € million	31 December 2019 € million
Deferred tax assets	**4,804**	4,766
Deferred tax liabilities	**(9)**	(9)
Net deferred tax	**4,795**	4,757

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

	31 March 2020 € million	31 March 2019 € million
Impairment/ valuation relating to loans, disposals and write-offs	**10**	12
Unused tax losses	**(1)**	5
Tax deductible PSI+ losses	**(13)**	(13)
Change in fair value and other temporary differences	**3**	2
Deferred income tax (charge)/credit from continuing operations	**(1)**	6

As at 31 March 2020, the Group recognized net deferred tax assets amounting to € 4.8 billion as follows:

(a) € 1,626 million refer to deductible temporary differences arising from impairment/ valuation relating to loans including the accounting debt write-offs according to the Greek tax law 4172/2013, as in force. These temporary differences can be utilized in future periods with no specified time limit and according to current tax legislation of each jurisdiction;

(b) € 1,089 million refer to losses resulted from the Group's participation in PSI+ and the Greek's state debt buyback program which are subject to amortization (i.e. 1/30 of losses per year starting from year 2012 onwards) for tax purposes;

(c) € 1,960 million refer to the unamortized part of the crystallized tax losses arising from write-offs and disposals of loans, which are subject to amortization over a twenty-year period, according to the Greek tax law 4172/2013, as in force;

(d) € 14 million mainly refer to deductible temporary differences related to the (unamortized for tax purposes) costs directly attributable to Eurobank Ergasias share capital increases, subject to 10 years' amortization according to tax legislation in force at the year they have been incurred;

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

(f) € 105 million refer to other taxable and deductible temporary differences (i.e. valuation gains/ losses, provisions for pensions and other post-retirement benefits, etc.) the majority of which can be utilized in future periods with no specified time limit and according to the applicable tax legislation of each jurisdiction.

Assessment of the recoverability of deferred tax assets

The recognition of the above presented deferred tax assets is based on management's assessment that the Group's legal entities will have sufficient future taxable profits, against which the deductible temporary differences and the unused tax losses can be utilized. The deferred tax assets are determined on the basis of the tax treatment of each deferred tax asset category, as provided by the applicable tax legislation of each jurisdiction and the eligibility of carried forward losses for offsetting with future taxable profits. Additionally, the Group's assessment on the recoverability of recognized deferred tax assets is based on (a) the future performance expectations (projections of operating results) and growth opportunities relevant for determining the expected future taxable profits, (b) the expected timing of reversal of the deductible and taxable temporary differences, (c) the probability that the Group entities will have sufficient taxable profits in the future, in the same period as the reversal of the deductible and taxable temporary differences or in the years into which the tax losses can be carried forward, and (d) the historical levels of Group entities' performance in combination with the previous years' tax losses caused by one off or non-recurring events.

In particular, for the period ended 31 March 2020, the Group has conducted a deferred tax asset (DTA) recoverability assessment based on the three-year Business Plan that was submitted to the Board of Directors in March 2020, for the period up to the end of 2022 and certain revised management projections due to covid-19 effect for the Group's future profitability in Greece as well as in the countries it operates. Currently, the Group closely monitors and constantly assesses all the latest available data for the effect of covid-19 outbreak and the relevant mitigating measures taken by the Greek Government and the European authorities (note 2) on the assumptions used in its plans and the projections for future profitability and will continue to update its estimates accordingly.

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

As at 31 March 2020, pursuant to the Law 4172/2013, as in force, the Bank's eligible DTAs/deferred tax credits (DTCs) against the Greek State amounted to € 3,788 million. The DTCs will be converted into directly enforceable claims (tax credit) against the Greek State provided that the Bank's after tax accounting result for the year is a loss. In particular, DTCs are accounted for on: (a) the losses from the Private Sector Involvement (PSI) and the Greek State Debt Buyback Program and (b) on the sum of (i) the unamortized part of the crystallized loan losses from write-offs and disposals, (ii) the accounting debt write-offs and (iii) the remaining accumulated provisions and other losses in general due to credit risk recorded up to 30 June 2015.

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

According to tax law 4172/2013 as in force, an annual fee of 1.5% is imposed on the excess amount of deferred tax assets guaranteed by the Greek State, stemming from the difference between the current tax rate for the eligible credit institutions (i.e. 29%) and the tax rate applicable on 30 June 2015 (i.e. 26%). For the period ended 31 March 2020, an amount of € 1.65 million has been recognized in "Other income/(expenses)".

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

(a) Disposal groups classified as held for sale

	31 March 2020 € million	31 December 2019 € million
Assets of disposal groups		
Real estate properties	**57**	63
Eurobank Financial Planning Services S.A.	**11**	10
Non-performing loan portfolios	**9**	2
Total	**77**	75
Liabilities of disposal group		
Eurobank Financial Planning Services S.A.	**11**	8
Total	**11**	8

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

On 19 December 2019, Eurobank Ergasias announced that it has reached an agreement with doValue S.p.A. ("doValue", the purchaser) to dispose 80% of its subsidiary Eurobank Financial Planning Services ("FPS"), for a cash consideration of € 248 million, subject to certain adjustments.

As per the agreement, FPS, which was part of Eurobank Ergasias Troubled Asset Group ("TAG") - the unit responsible for the management of the troubled assets portfolio, would take over Eurobank Ergasias TAG unit in order for the sale to be completed. The relevant arrangements were completed at the end of March 2020. The transaction also includes the disposal of 80% of the Real Estate Management Single Member S.A., at the option of the purchaser.

In addition, a 10-year servicing agreement will be signed between the Bank and FPS for the servicing of the Bank's early arrears and NPEs. Accordingly, post transaction, FPS will manage a total perimeter of ca. € 26 billion of NPEs, owned by the Bank and third parties, extending its services to all asset classes and becoming the leading independent servicer in Greece.

The agreed consideration for 80% of FPS implies an enterprise value of € 310 million for 100% of the entity. The resulting gain on disposal is estimated at approx. € 221 million before tax (€ 174 million after tax), after taking into account costs directly attributable to the transaction and certain consideration adjustments, in accordance with the terms of the agreement.

The completion of the transaction is expected to occur in the first half of 2020, subject to the fulfillment of the conditions set out in the agreement and the completion of the customary regulatory approvals.

As at 31 March 2020, on the basis of the aforementioned binding agreement, the assets of FPS (excluding intragroup balances) amounting to € 11 million and its respective liabilities of an equivalent amount, have been classified as held for sale.

Real estate properties

In November 2019, the Group, in the context of its strategy for the active management of its real estate portfolio (repossessed, investment properties and own used properties) reached pre-sale agreements with prospective investors for the disposal of three pools of real estate assets amounting to a total value of ca. € 0.1 billion. Consequently, the disposal of these properties' portfolios was considered highly probable and they have been classified as held for sale as of the end of November 2019. The fair value less cost to sell of these properties, based on the offer prices included in the pre-sale agreements, was lower than their carrying amount, therefore an impairment loss of € 24 million was recognised in the fourth quarter of 2019 upon their remeasurement in accordance with the IFRS 5 requirements. The above non-recurring fair value measurement is categorized as Level 3 of the fair value hierarchy due to the significance of the unobservable inputs used. After the completion of certain sales in the first quarter of 2020, the carrying amount of these real estate assets as at 31 March 2020 was reduced to € 57 million.

The closing date of the pre-sale agreement regarding one of the relevant portfolios of carrying value € 6.4 million as at 31 March 2020, lapsed on 30 April 2020 without being further extended. However, the Group remains committed to its plan to sell the aforementioned portfolio, which continues to be actively marketed for sale and as such remains classified as HFS as at 31 March 2020. Furthermore, the sale of the real estate assets, which was initially expected to be concluded within 2020, maybe extended beyond this period due to current extraordinary conditions.

Non-performing loan portfolios

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

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

(b) Discontinued operations

Romanian disposal group

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

Tax audit

According to the tax audit assessment communicated to Bancpost S.A. within July 2018, following the completion of the tax audit for the years 2011-2015, the additional taxes to be paid amounted in total to € 40 million, approximately. In respect of the above, in the comparative period, the Group has recognized an additional provision of € 5 million (€ 3.6 million after tax), while the accumulated provisions, which have been recognized for this case amount to € 20 million. The Group is in close cooperation with BT, which is in the process of challenging the tax audit assessment in the competent courts.

Romanian National Authority for Consumer Protection (ANPC)

In the second half of 2018, the Romanian National Authority for Consumer Protection (ANPC) imposed three fines totaling € 72 thousand on Bancpost S.A. in connection with complaints raised by certain Bancpost S.A. lending clients, related to portfolios of performing loans which were assigned by Bancpost S.A. to ERB New Europe Funding II B.V. (an entity in the Netherlands controlled by Eurobank) starting in 2008. Furthermore, the ANPC concluded that any payments (such as interests, fees, penalties) by the consumers in relation to all the aforementioned loans and for a period of ten years should be reimbursed by Bancpost S.A.

In 2019, the first instance court admitted BT's complaints (as legal successor to Bancpost S.A.) against ANPC in all three aforementioned cases, while ANPC appealed against these rulings. The second instance court rejected the ANPC appeal in two of the aforementioned cases and one case is still pending in appeal.

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

14. Derivative financial instruments

	31 March 2020		31 December 2019	
	Fair values		Fair values	
	Assets	**Liabilities**	Assets	Liabilities
	€ million	**€ million**	€ million	€ million
Derivatives for which hedge accounting is not applied/ held for trading	**2,402**	**2,054**	2,260	1,862
Derivatives designated as fair value hedges	**7**	**875**	2	770
Derivatives designated as cash flow hedges	**9**	**107**	0	94
Total derivatives assets/liabilities	**2,418**	**3,036**	2,262	2,726

As at 31 March 2020, the derivative assets and liabilities increased by € 156 million and € 310 million, respectively, compared to 31 December 2019, mainly as a result of the downward movement of the euro interest rate curve. On the same date, the carrying value of the derivatives with the Hellenic Republic amounted to € 1,531 million (31 December 2019: € 1,528 million).

15. Loans and advances to customers

	31 March 2020 € million	31 December 2019 € million
Loans and advances to customers at amortised cost		
- Gross carrying amount	44,920	44,406
- Impairment allowance	(7,157)	(7,099)
Carrying Amount	**37,763**	37,307
Loans and advances to customers at FVTPL	**51**	58
Total	**37,814**	37,365

The table below presents the carrying amount of loans and advances to customers per business unit and per stage as at 31 March 2020:

	31 March 2020				31 December 2019
	12-month ECL- Stage 1 € million	Lifetime ECL- Stage 2 € million	Lifetime ECL credit-impaired[(1)] € million	Total amount € million	Total amount € million
Loans and advances to customers at amortised cost					
Mortgage lending:					
- Gross carrying amount	7,011	3,112	3,845	13,968	13,982
- Impairment allowance	(13)	(186)	(1,550)	(1,749)	(1,704)
Carrying Amount	6,998	2,926	2,295	12,219	12,278
Consumer lending:					
- Gross carrying amount	2,266	403	1,138	3,807	3,838
- Impairment allowance	(36)	(46)	(972)	(1,054)	(1,055)
Carrying Amount	2,230	357	166	2,753	2,783
Small Business lending:					
- Gross carrying amount	2,056	1,071	3,287	6,414	6,480
- Impairment allowance	(20)	(111)	(1,561)	(1,692)	(1,687)
Carrying Amount	2,036	960	1,726	4,722	4,793
Wholesale lending [(2)]:					
- Gross carrying amount	14,366	1,655	4,710	20,731	20,106
- Impairment allowance	(65)	(89)	(2,508)	(2,662)	(2,653)
Carrying Amount	14,301	1,566	2,202	18,069	17,453
Total loans and advances to customers at AC					
- Gross carrying amount	25,699	6,241	12,980	44,920	44,406
- Impairment allowance	(134)	(432)	(6,591)	(7,157)	(7,099)
Carrying Amount	**25,565**	**5,809**	**6,389**	**37,763**	37,307
Loans and advances to customers at FVTPL					
Carrying Amount				**51**	58
Total				**37,814**	37,365

[(1)] As at 31 March 2020, POCI loans of € 53 million gross carrying amount and € 4 million impairment allowance are presented in 'Lifetime ECL credit-impaired' stage (31 December 2019: € 54 million gross carrying amount and € 3.5 million impairment allowance).
[(2)] Includes € 1.05 billion related to the senior notes of the Pillar securitization, which have been categorized in Stage 1.

Operational targets for Non-Performing Exposures (NPEs)

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

As at 31 March 2020, the Group's NPEs' stock amounting to € 13 billion, remained relatively stable compared to 31 December 2019.

Pursuant to Law 4649/2019, on 25 February 2020, Eurobank submitted to the Ministry of Finance two applications for opting-in to the Hellenic Asset Protection Scheme ("HERCULES") of the Cairo I and Cairo II securitisations and on 15 May 2020 of the Cairo III securitization. The aforementioned three securitisations and the agreement with an international investor on the projects Cairo (note 24) and FPS sale (note 13) are key components of the forward-looking strategy of Eurobank Holdings Group, aiming at reducing the Group NPE ratio in the 15% region from 29% as at 31 March 2020.

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

Legal Framework

The protection scheme on primary residence was voted by the Greek Parliament in March 2019 (Law 4605/2019), aimed to bolster the banks' efforts to reduce NPEs through a more effective mechanism to work out troubled loans, a restriction of strategic defaulters and, ultimately, an improvement in payment discipline. The scheme expires in July 2020, instead of April 2020 as initially scheduled, after which the Government has announced that it will duly devise a comprehensive Individual Insolvency framework.

16. Investment securities

	31 March 2020 € million	31 December 2019 € million
Investment securities at amortised cost		
- Gross carrying amount	2,519	1,542
- Impairment allowance	(6)	(3)
Carrying Amount	**2,513**	1,539
Investment securities at FVOCI		
Carrying Amount	**6,129**	6,278
Investment securities at FVTPL		
Carrying amount	**118**	134
Total Investment securities	**8,760**	7,951

For 31 March 2020 and 31 December 2019, the investment securities at amortised cost and at FVOCI were classified in "12-month ECL" stage.

The investment securities per category are analyzed as follows:

	31 March 2020			
	Investment securities at FVOCI € million	Investment securities at amortised cost € million	Investment securities at FVTPL € million	Total € million
Debt securities				
- Greek government bonds	**3,196**	**1,827**	**-**	**5,023**
- Other government bonds	**1,849**	**573**	**-**	**2,422**
- Other issuers	**1,084**	**113**	**3**	**1,200**
	6,129	**2,513**	**3**	**8,645**
Equity securities	**-**	**-**	**115**	**115**
Total	**6,129**	**2,513**	**118**	**8,760**

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

During the period ended 31 March 2020, the Group recognized € 7 million gains presented in line 'Gains less losses from investment securities', of which € 17 million gains resulted from debt securities at FVOCI sale transactions and € 10 million losses mainly from the decrease in the fair value of equity instruments. In the comparative period, the Group had recognized € 12 million gains, of which € 7 million resulted from debt securities at FVOCI sale transactions and € 5 million mainly from the increase in the fair value of equity instruments.

In addition, in the period ended 31 March 2020, the decrease in the fair value of debt securities at FVOCI is mainly attributable to the market volatility driven by the covid-19 pandemic. In the same period, the impairment allowance of the investment securities of the Group increased by € 5 million, mainly as a result of the acquisition of debt securities (31 March 2019: € 2 million decrease).

17. Group composition

The following is a listing of the Company's subsidiaries as at 31 March 2020, included in the interim consolidated financial statements for the period ended 31 March 2020:

Name	Note	Percentage holding	Country of incorporation	Line of business
Eurobank S.A.	a	100.00	Greece	Banking
Be Business Exchanges S.A. of Business Exchanges Networks and Accounting and Tax Services		98.01	Greece	Business-to-business e-commerce, accounting, tax and sundry services
Eurobank Asset Management Mutual Fund Mngt Company Single Member S.A. [(2)]		100.00	Greece	Mutual fund and asset management
Eurobank Equities Investment Firm Single Member S.A. [(2)]		100.00	Greece	Capital markets and advisory services
Eurobank Ergasias Leasing Single Member S.A. [(2)]		100.00	Greece	Leasing
Eurobank Factors Single Member S.A.		100.00	Greece	Factoring
Eurobank FPS Loans and Credits Claim Management S.A.	b	100.00	Greece	Loans and Credits Claim Management
Hellenic Post Credit S.A.		50.00	Greece	Credit card management and other services
Herald Greece Single Member Real Estate development and services S.A. 1		100.00	Greece	Real estate
Herald Greece Single Member Real Estate development and services S.A. 2		100.00	Greece	Real estate
Standard Single Member Real Estate S.A. [(2)]		100.00	Greece	Real estate
Cloud Hellas Single Member Ktimatiki S.A. [(2)]		100.00	Greece	Real estate
Piraeus Port Plaza 1 Development S.A.		100.00	Greece	Real estate
Cairo Estate I Single Member S.A.		100.00	Greece	Real estate
Cairo Estate II Single Member S.A.		100.00	Greece	Real estate
Cairo Estate III Single Member S.A.		100.00	Greece	Real estate
Real Estate Management Single Member S.A.		100.00	Greece	Real estate services
Anchor Hellenic Investment Holding Single Member S.A.		100.00	Greece	Real estate
Vouliagmeni Residence Single Member S.A.		100.00	Greece	Real estate
Athinaiki Estate Investments Single Member S.A.		100.00	Greece	Real estate
Eurobank Bulgaria A.D.	c	99.99	Bulgaria	Banking
IMO 03 E.A.D.		100.00	Bulgaria	Real estate services
IMO Property Investments Sofia E.A.D.		100.00	Bulgaria	Real estate services
ERB Hellas (Cayman Islands) Ltd		100.00	Cayman Islands	Special purpose financing vehicle
Berberis Investments Ltd		100.00	Channel Islands	Holding company
ERB Hellas Funding Ltd		100.00	Channel Islands	Special purpose financing vehicle
Eurobank Cyprus Ltd		100.00	Cyprus	Banking
ERB New Europe Funding III Ltd		100.00	Cyprus	Finance company
Foramonio Ltd		100.00	Cyprus	Real estate
NEU 03 Property Holdings Ltd		100.00	Cyprus	Holding company
NEU Property Holdings Ltd		100.00	Cyprus	Holding company
Lenevino Holdings Ltd		100.00	Cyprus	Real estate
Rano Investments Ltd		100.00	Cyprus	Real estate
Neviko Ventures Ltd		100.00	Cyprus	Real estate

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

(1) Entity under liquidation at 31 March 2020.

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

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

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

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

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

(a) Eurobank S.A., Greece

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

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

In the context of the binding agreements that Eurobank Ergasias has entered into with doValue in December 2019, the Bank will sell 80% of its subsidiary Eurobank FPS Loans and Credits Claim Management S.A. - project "Europe". Therefore, as of 31 December 2019 the company was classified as held for sale. Further information is provided in note 13.

(c) ERB Leasing Bulgaria EAD, Bulgaria

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

(d) CEH Balkan Holdings Ltd, Cyprus

The dissolution of the company was completed in January 2020.

18. Investments in associates and joint ventures

As at 31 March 2020, the carrying amount of the Group's investments in associates and joint ventures amounted to € 224 million (31 December 2019: € 235 million). The following is the listing of the Group's associates and joint ventures as at 31 March 2020:

Name	Note	Country of incorporation	Line of business	Group's share
Femion Ltd		Cyprus	Special purpose investment vehicle	66.45
Tefin S.A. [(1)]		Greece	Dealership of vehicles and machinery	50.00
Sinda Enterprises Company Ltd		Cyprus	Special purpose investment vehicle	48.00
Singidunum - Buildings d.o.o. Beograd	a	Serbia	Development of building projects	21.65
Alpha Investment Property Kefalariou S.A.		Greece	Real estate	41.67
Global Finance S.A. [(2)]		Greece	Investment financing	33.82
Rosequeens Properties Ltd [(3)]		Cyprus	Special purpose investment vehicle	33.33
Famar S.A. [(1)]		Luxembourg	Holding company	23.55
Odyssey GP S.a.r.l.		Luxembourg	Special purpose investment vehicle	20.00
Eurolife ERB Insurance Group Holdings S.A. [(2)]		Greece	Holding company	20.00
Alpha Investment Property Commercial Stores S.A.		Greece	Real estate	30.00
Peirga Kythnou P.C.		Greece	Real estate	50.00
Piraeus Port Plaza 2		Greece	Real estate	49.00
Piraeus Port Plaza 3		Greece	Real estate	49.00
Value Touristiki S.A.		Greece	Real estate	49.00
Grivalia Hospitality S.A. [(3)]		Luxembourg	Real estate	25.00
Information Systems Impact S.A.		Greece	Information systems services	15.00

[(1)] Entity under liquidation at 31 March 2020.

[(2)] Eurolife Insurance group (Eurolife ERB Insurance Group Holdings S.A., which as of 18 May 2020 was renamed to Eurolife FFH Insurance Group Holdings S.A,, and its subsidiaries) and Global Finance group (Global Finance S.A. and its subsidiaries) are considered as Group's associates.

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

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

In March 2020, the Group's participation in Singidunum decreased from 22.47% to 21.65%, following an additional share capital increase in favor of the other shareholder.

19. Property and equipment and Investment property

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

	31 March 2020 € million	31 December 2019 € million
Land, buildings, leasehold improvements	**473**	474
Furniture, equipment, motor vehicles	**40**	41
Computer hardware, software	**57**	57
Right of use of assets [1]	**179**	174
Total property and equipment	**749**	746
Investment property	**1,330**	1,184
Total	**2,079**	1,930

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

The movement of investment property is as follows:

	31 March 2020 € million
Balance at 1 January	**1,184**
Additions	**150**
Transfers	**1**
Disposals	**(5)**
Net gain/(loss) from fair values adjustments	**(0)**
Balance at 31 March	**1,330**

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

In the period ended 31 March 2020, the Group recognized rental income of € 19 million from real estate properties in the income statement line 'income from non banking services' (31 March 2019: € 3 million). The significant increase compared to the first quarter of 2019 is attributable to the results of former Grivalia group operations, which have been incorporated in the Group's financial statements as of the second quarter of 2019.

20. Other assets

	31 March 2020 € million	31 December 2019 € million
Receivable from Deposit Guarantee and Investment Fund	**707**	707
Repossessed properties and relative prepayments	**617**	614
Pledged amount for a Greek sovereign risk financial guarantee	**238**	238
Balances under settlement [2]	**24**	44
Prepaid expenses and accrued income	**98**	93
Other guarantees	**89**	85
Income tax receivable [1]	**44**	42
Other assets	**202**	180
Total	**2,019**	2,003

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

As at 31 March 2020, other assets net of provisions, amounting to € 202 million include, among others, receivables related to (a) prepayments to suppliers, (b) public entities, (c) property management activities and (d) legal cases.

21. Due to central banks

	31 March 2020 € million	31 December 2019 € million
Secured borrowing from ECB	**2,700**	1,900

As at 31 March 2020, following the ECB's decision on additional longer term refinancing operations (LTROs) in order to support the liquidity conditions of the banking system and money market activity, the Bank increased the borrowing from Eurosystem financing facilities by € 800 million. The Eurosystem funding further increased by € 2.9 billion amounting to € 5.6 billion on 30 April 2020, € 3.7 billion of which LTROs, mainly using as collaterals Greek government bonds which became eligible for Eurosystem refinancing operations following the temporary pandemic emergency purchase programme (PEPP) announced by ECB in March 2020, in the context of the relevant measures taken to mitigate the effects of the covid-19 outbreak.

22. Due to credit institutions

	31 March 2020 € million	31 December 2019 € million
Secured borrowing from credit institutions	**4,002**	4,267
Borrowings from international financial and similar institutions	**657**	632
Current accounts and settlement balances with banks	**174**	77
Interbank takings	**5**	46
Total	**4,838**	5,022

As at 31 March 2020, secured borrowing from credit institutions refers mainly to transactions with foreign institutions, which were conducted with collaterals government – mainly Greek - and corporate securities (note 16). As at 31 March 2020, borrowings from international financial and similar institutions include borrowings from European Investment Bank, European Bank for Reconstruction and Development and other similar institutions.

23. Due to customers

	31 March 2020 € million	31 December 2019 € million
Savings and current accounts	**26,321**	26,200
Term deposits	**18,769**	18,430
Repurchase agreements	**201**	200
Other term products (note 24)	**10**	11
Total	**45,301**	44,841

The other term products relate to senior medium-term notes held by the Bank's customers, amounting to € 10 million (31 December 2019: € 11 million).

For the period ended 31 March 2020, due to customers for the Greek and International operations amounted to € 32,875 million and € 12,426 million, respectively (31 December 2019: € 32,444 million and € 12,397 million, respectively).

24. Debt securities in issue

	31 March 2020 € million	31 December 2019 € million
Securitisations	**740**	943
Subordinated notes (Tier 2)	**962**	947
Covered bonds	**504**	500
Medium-term notes (EMTN) (note 23)	**15**	16
Total	**2,221**	2,406

Securitisations

Following their partial redemption in the first quarter of 2020, the carrying value of the asset backed securities issued by the Bank's special purpose financing vehicles Maximus Hellas DAC and Astarti DAC and held by an international institutional investor (Class A notes), as at 31 March 2020 amounted to € 468 million and € 272 million, respectively (2019: € 614 million and € 329 million, respectively).

Pillar securitization

In June 2019, Eurobank Ergasias through its special purpose financing vehicle (SPV) 'Pillar Finance Designated Activity Company', issued asset backed securities (notes) of total value of ca. € 2 billion collateralized by a portfolio of primarily non performing residential mortgage loans (project Pillar), which were fully retained by the entity. The securitization consisted of € 1,044 million senior notes issued at par, € 310 million mezzanine notes issued at par and € 645 million junior notes of issue price € 1. In the same month, Eurobank Ergasias announced that it has entered into a binding agreement with Celidoria S.A R.L, an entity ultimately owned by funds whose investment manager is the global investment management firm Pimco, for the sale of 95% of the mezzanine and junior notes of the abovementioned securitization. Upon the completion of the transaction, in September 2019, Eurobank Ergasias ceased to have control over the SPV.

Cairo securitisation

In June 2019, Eurobank Ergasias, through its special purpose financing vehicles (SPVs) 'Cairo No. 1 Finance Designated Activity Company', 'Cairo No. 2 Finance Designated Activity Company' and 'Cairo No. 3 Finance Designated Activity Company', issued asset backed securities (notes) of total value of ca. € 7.5 billion, collateralized by a mixed assets portfolio of primarily non performing loans, which have been fully retained by the entity (note 31).

In the context of Law 4649/2019 ('Hercules' – Hellenic Asset Protection Scheme) voted by the Greek parliament on 16 December 2019, the SPVs will opt in for the state guarantee scheme. Specifically, the Bank submitted the relevant applications to Ministry of Finance on 25 February 2020 for Cairo No.1 and Cairo No.2 and on 15 May 2020 for Cairo No. 3. Accordingly, the Cairo transaction's parameters that include the senior note of face value € 2.4 billion, the mezzanine note of face value € 1.5 billion and the junior note of issue price € 1 (initial principal amount of € 3.6 billion) have taken into account the estimated cost of Hercules applicable to the senior notes. As a prerequisite to the above law, the Bank has already obtained the required external rating of the senior notes.

In December 2019, Eurobank Ergasias announced that it has entered into binding agreements with doValue S.p.A. for: (a) the sale of 80% of its subsidiary Eurobank Financial Planning Services ("FPS") (note 13) and (b) the sale of a portion of mezzanine and junior notes of the aforementioned NPE Securitization. In particular, it has been agreed that 20% of the mezzanine notes and the minimum required percentage (as per 'Hercules' – Hellenic Asset Protection Scheme) of the junior notes will be sold to the above investor for a consideration of € 14 million in cash.

The Group will retain 100% of the senior notes and the 5% of the mezzanine and junior notes. The completion of the transactions with doValue S.p.A is expected to take place within the first half of 2020 along with the closing of the transaction with FPS (note 13).

Tier 2 Capital instruments

In January 2018, Eurobank Ergasias issued Tier 2 capital instruments of face value of € 950 million, in replacement of the preference shares which had been issued in the context of the first stream of Hellenic Republic's plan to support liquidity in the Greek economy under Law 3723/2008. The aforementioned instruments, which have a maturity of ten years (until 17 January 2028) and pay fixed nominal interest rate of 6.41%, that shall be payable semi-annually, as at 31 March 2020, amounted to € 962 million, including € 3 million unamortized issuance costs and € 15 million accrued interest.

Covered bonds

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

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

25. Other liabilities

	31 March 2020 € million	31 December 2019 € million
Balances under settlement [1]	**302**	326
Lease liabilities	**198**	193
Deferred income and accrued expenses	**153**	109
Other provisions	**99**	98
ECL allowance for credit related commitments	**64**	64
Standard legal staff retirement indemnity obligations	**44**	52
Employee termination benefits	**30**	32
Sovereign risk financial guarantee	**40**	41
Acquisition obligation	**20**	22
Income taxes payable	**13**	7
Deferred tax liabilities (note 12)	**9**	9
Other liabilities	**162**	238
Total	**1,134**	1,191

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

As at 31 March 2020, other liabilities amounting to € 162 million mainly consist of payables relating with (a) suppliers and creditors, (b) contributions to insurance organizations, (c) duties and other taxes and (d) trading liabilities.

As at 31 March 2020, other provisions amounting to € 99 million (31 December 2019: € 98 million) mainly include: (a) € 59 million for outstanding litigations against the Group (note 30), (b) € 29 million for other operational risk events, of which € 22 million is related to Romanian disposal group (note 13) and (c) € 7 million for restructuring costs mainly relating to the acquisition of Piraeus Bank Bulgaria A.D.

For the period ended 31 March 2020, an amount of € 2.7 million has been recognised in the Group's income statement for employee termination benefits. The Voluntary Exit Scheme (VES) has been offered to employees through either lump-sum payments or long term leaves during which the employees will be receiving a percentage of a monthly salary, or a combination thereof.

Additionally, for the period ended 31 March 2020, the reorganization of the Bank's TAG unit as a result of the agreement of the disposal of Eurobank FPS Loans and Credits Claim Management S.A. (note 13) was completed. Following the above, the defined benefit obligations of the Bank and FPS were remeasured using updated actuarial assumptions, which mainly refer to the change of the discount rate from 0.89% as at 31 December 2019 to 1.75% as at 31 March 2020. As a result, actuarial gains of € 4.5 million, net of tax, were recognized directly in the Group's other comprehensive income for the period ended 31 March 2020.

26. Share capital, share premium and treasury shares

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

	Share capital € million	Treasury shares € million	Net € million	Share premium € million	Treasury shares € million	Net € million
Balance at 1 January	**853**	**(1)**	**852**	**8,056**	**(2)**	**8,054**
Purchase of treasury shares	-	(0)	(0)	-	(0)	(0)
Sale of treasury shares	-	1	1	-	1	1
Balance at 31 March	**853**	**(0)**	**853**	**8,056**	**(1)**	**8,055**

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

	Number of shares		
	Issued shares	Treasury shares	Net
Balance at 1 January	**3,709,161,852**	**(2,815,312)**	**3,706,346,540**
Purchase of treasury shares	-	(335,017)	**(335,017)**
Sale of treasury shares	-	2,472,228	**2,472,228**
Balance at 31 March	**3,709,161,852**	**(678,101)**	**3,708,483,751**

Treasury shares

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

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

27. Preferred securities

In April 2019, the Board of Directors of ERB Hellas Funding decided to proceed with the redemption of all four series of the preferred securities issued. Accordingly, following a notice for redemption on 29 May, 21 June and 13 September 2019, series C, B and D preferred securities were redeemed on 9 July, 2 August and 29 October 2019, respectively.

On 23 January 2020, a notice for the redemption of the remaining preferred securities of series A was given to the holders and on 18 March 2020, the aforementioned notes of face value of € 1.6 million were redeemed. In addition, for the period ended 31 March 2020, ERB Hellas Funding Ltd declared and paid for Series A of preferred securities in accordance with its terms and following the redemption of the Greek State – owned preference shares (note 24) on 17 January 2018, the non-cumulative dividend of € 11 thousand.

28. Fair value of financial assets and liabilities

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

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

(a) Level 1-Financial instruments measured based on quoted prices (unadjusted) in active markets for identical financial instruments that the Group can access at the measurement date. A market is considered active when quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and represent actually and regularly occurring transactions. Level 1 financial instruments include actively quoted debt instruments held or issued by the Group, equity and derivative instruments traded on exchanges, as well as mutual funds that have regularly and frequently published quotes.

(b) Level 2-Financial instruments measured using valuation techniques with inputs, other than level 1 quoted prices, that are observable either directly or indirectly, such as: i) quoted prices for similar financial instruments in active markets, ii) quoted prices for identical or similar financial instruments in markets that are not active, iii) inputs other than quoted prices that are directly or indirectly observable, mainly interest rates and yield curves observable at commonly quoted intervals, forward exchange rates, equity prices, credit spreads and implied volatilities obtained from internationally recognized market data providers and iv) other unobservable inputs which are insignificant to the entire fair value measurement. Level 2 financial instruments include over-the-counter (OTC) derivatives, less liquid debt instruments held or issued by the Group and equity instruments.

(c) Level 3-Financial instruments measured using valuation techniques with significant unobservable inputs. When developing unobservable inputs, best information available is used, including own data, while at the same time market participants' assumptions are reflected (e.g. assumptions about risk). Level 3 financial instruments include unquoted equities or equities traded in markets that are not considered active, certain OTC derivatives, loans and advances to customers including securitized loans issued by special purpose entities established by the Group and recognized in financial assets and debt securities issued by the Group.

Financial instruments carried at fair value

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

	31 March 2020			
	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Securities held for trading	54	0	-	54
Investment securities at FVTPL	38	13	67	118
Derivative financial instruments	0	2,417	1	2,418
Investment securities at FVOCI	6,041	88	-	6,129
Loans and advances to customers mandatorily at FVTPL	-	-	51	51
Financial assets measured at fair value	**6,133**	**2,518**	**119**	**8,770**
Derivative financial instruments	0	3,036	-	3,036
Trading liabilities	13	-	-	13
Financial liabilities measured at fair value	**13**	**3,036**	**-**	**3,049**

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

The Group recognizes transfers into and out of the fair value hierarchy levels at the beginning of the quarter in which a financial instrument's transfer was effected. There were no material transfers between levels during the period ended 31 March 2020.

Reconciliation of Level 3 fair value measurements

	31 March 2020
	€ million
Balance at 1 January	**125**
Additions, net of disposals and redemptions	**(6)**
Total gain/(loss) for the period included in profit or loss	**(1)**
Foreign exchange differences and other	**1**
Balance at 31 March	**119**

Group's valuation processes and techniques

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

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

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

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

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

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

Loans and advances to customers which contractual cash flows do not represent solely payments of principal and interest (SPPI failures), are measured mandatorily at fair value through profit or loss. Quoted market prices are not available as there are no active markets where these instruments are traded. Their fair values are estimated on an individual loan basis by discounting the future expected cash flows over the time period they are expected to be recovered, using an appropriate discount rate. Expected cash flows, which incorporate credit risk, represent significant unobservable input in the valuation and as such, the entire fair value measurement is categorized as Level 3 in the fair value hierarchy. A reasonably possible increase/decrease in those recovery rates by +5%/-5% would increase/decrease the total fair value measurement by € 2 million.

Financial instruments not measured at fair value

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

	31 March 2020	
	Carrying amount € million	**Fair value € million**
Loans and advances to customers	**37,763**	**37,413**
Investment securities at amortised cost	**2,513**	**2,102**
Financial assets not measured at fair value	**40,276**	**39,515**
Debt securities in issue	**2,221**	**2,110**
Financial liabilities not measured at fair value	**2,221**	**2,110**

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

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

(a) Loans and advances to customers including securitized loans issued by special purpose entities established by the Group: for loans and advances to customers, quoted market prices are not available as there are no active markets where these instruments are traded. The fair values are estimated by discounting future expected cash flows over the time period they are expected to be recovered, using appropriate risk-adjusted rates. Loans are grouped into homogenous assets with similar characteristics, as monitored by Management, such as product, borrower type and delinquency status, in order to improve the accuracy of the estimated valuation outputs. In estimating future cash flows, the Group makes assumptions on expected prepayments, product spreads and timing of collateral realization. The discount rates incorporate inputs for expected credit losses and interest rates, as appropriate;

(b) Investment securities measured at amortized cost: the fair values of financial investments are determined using prices quoted in an active market when these are available. In other cases, fair values are determined using quoted market prices for securities with similar credit risk, maturity and yield, quoted market prices in non active markets for identical or similar financial instruments, or by using the discounted cash flows method; and

(c) Debt securities in issue: the fair values of the debt securities in issue are determined using quoted market prices, if available. If quoted prices are not available, fair values are determined based on quotes for similar debt securities or by discounting the expected cash flows at a risk-adjusted rate, where the Group's own credit risk is determined using inputs indirectly observable, i.e. quoted prices of similar securities issued by the Group or other Greek issuers.

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

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

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

	31 March 2020 € million	31 December 2019 € million
Cash and balances with central banks (excluding mandatory and collateral deposits with central banks)	**3,009**	4,106
Due from credit institutions	**840**	444
Securities held for trading	**1**	1
Total	**3,850**	4,551

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

	31 March 2020 € million	31 March 2019 € million
Amortisation of premiums/discounts and accrued interest	**65**	77
(Gains)/losses from investment securities	**(7)**	(12)
Total	**58**	65

In the period ended 31 March 2020, changes in debt securities in issue arising from accrued interest and amortisation of debt issuance costs amount to € 20 million (31 March 2019: € 18 million).

30. Contingent liabilities and commitments

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

Credit related commitments are analyzed as follows:

	31 March 2020 € million	31 December 2019 € million
Financial guarantee contracts	**671**	723
Commitments to extend credit	**1,352**	1,115
Other credit related commitments	**501**	507
Total	**2,524**	2,345

The credit related commitments within the scope of IFRS 9 impairment requirements amount to € 5.6 billion (31 December 2019: € 5.3 billion), including revocable loan commitments of € 3.1 billion (31 December 2019: € 3 billion), while the corresponding allowance for impairment losses amounts to € 64 million (31 December 2019: € 64 million).

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

Legal proceedings

As at 31 March 2020, a provision of € 59 million has been recorded for a number of legal proceedings outstanding against the Group (31 December 2019: € 59 million). The said amount includes € 34 million for an outstanding litigation related to the acquisition of New TT Hellenic Postbank S.A. in 2013 (31 December 2019: € 34 million).

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

Against the Bank various legal remedies and redresses have been filed amongst others in the form of lawsuits, applications for injunction measures, motions to vacate payment orders and appeals in relation to the validity of clauses for the granting of loans in Swiss Francs. To date the vast majority of the judgments issued by the first instance and the appellate Courts have found in favour of the Bank's positions. As to certain aspects of Swiss Francs loans there was a lawsuit before the Supreme Court at plenary session which was initiated from an individual lawsuit. The Decision issued on 18 April 2019 was in favour of the Bank.

On the class action that has been filed by a consumer union, a judgment of the Athens Court of Appeals was issued in February 2018, which was in favour of the Bank and rejected the lawsuit on its merits. The judgment has been challenged by the consumer unions with a petition of cassation which was heard on 13 January 2020 after cancellation due to elections and the decision is pending to be issued.

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

31. Corporate Transformation-Hive down

In November 2018, Eurobank Ergasias announced its transformation plan, which included the Merger with Grivalia that was completed in April 2019 and the non performing loans' (NPEs) reduction Acceleration Plan comprising the following steps: a) the securitisation of ca. € 2 billion of NPEs, through the issue of senior, mezzanine and junior notes and the sale of the 95% of the above mentioned mezzanine and junior notes to a third party investor resulting to the de-recognition of the respective securitized NPEs from Eurobank Ergasias balance sheet (project Pillar, note 24), b) the securitization of ca. € 7.5 billion of NPEs, through the issue of senior, mezzanine and junior notes (project Cairo, note 24), c) the legal separation of the core and non-core operations of Eurobank Ergasias through the hive-down of the core operations to a new subsidiary (as further described below), d) the entry of a strategic investor into Financial Planning Services S.A. (FPS), the licensed 100% owned loan servicer of the Bank, including Eurobank Ergasias Troubled Asset Group (note 13), e) the sale of a portion of Cairo mezzanine and junior notes to a third party investor (note 24) and, f) the contemplated de-recognition of the securitized NPEs through the disposal /distribution of the remaining Cairo mezzanine and junior notes, subject inter alia to corporate and regulatory approvals.

<u>Hive down</u>

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

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

The Demerged Entity would maintain activities and assets that are not related to the main banking activities but are mainly related to the strategic planning of the administration of non-performing loans and the provision of services to the Group companies and third parties. Furthermore, the Demerged Entity would retain the majority stake of Cairo mezzanine and junior notes, the preferred securities (note 27) and participations in certain subsidiaries including Be Business Exchanges S.A. and real estate companies related to projects Pillar and Cairo. In case of any assets or liabilities that would not be possible to be transferred, in the context of the above mentioned Draft Demerger Deed, the Demerged Entity would undertake the obligation to collect or liquidate the assets in accordance with the Beneficiary's instructions whereas the Beneficiary would undertake the obligation to indemnify the Demerged Entity for the settlement of the liabilities including any arising costs or losses.

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

On 20 March 2020, the demerger of Eurobank Ergasias through the business banking sector's hive down and the establishment of a new company-credit institution ("Demerger") under the corporate name "Eurobank S.A" as well as the Articles of Association of the Beneficiary were approved by virtue of the decision of the Ministry of Development and Investments No 31847/20.03.2020, which was registered on the same day in the General Commercial Registry. At the aforementioned date :a) the Demerged Entity becomes the shareholder of the Beneficiary by acquiring all the shares issued by the Beneficiary and more specifically 3,683,244,830 common registered shares, of a nominal value of € 1.10 each and b) the Beneficiary substitutes the Demerged Entity, by way of universal succession, to all the transferred assets and liabilities, as set out in the transformation balance sheet of the hived down sector as at 30 June 2019 and formed up to 20 March 2020, day of the Demerger's completion.

In addition, considering that the obligations of the Demerged Entity arising from the Tier 2 Subordinated Capital Instruments (note 24) were not transferred to the Beneficiary, the latter pursuant to the terms of the Draft Demerger Deed has explicitly and irrevocably undertaken to fulfil the relevant obligations. In that context, on 20 March 2020, the Beneficiary issued a subordinated instrument of equivalent terms with those of TIER 2 mentioned above which was fully subscribed by the Demerged Entity.

On 23 March 2020, the Articles of Association of the Demerged Entity were amended with the decision of the Ministry of Development and Investments No 32403/23.03.2020, which was registered on the same day in the General Commercial Registry. According to article 1 of the Articles of Association, the corporate name and the distinctive title of the Demerged Entity is amended to "Eurobank Ergasias Services and Holdings S.A." and "Eurobank Holdings" respectively. The date of change of the Company's corporate name and distinctive title in the Athens Exchange was set for 24 March 2020.

32. Post balance sheet events

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

Note 2 - Basis of preparation and principal accounting policies
Note 3 - Significant accounting estimates and judgments in applying accounting policies
Note 4 – Capital Management
Note 12 – Income tax
Note 13 - Disposal groups classified as held for sale and discontinued operations
Note 15 - Loans and advances to customers
Note 21 - Due to central banks
Note 24 - Debt securities in issue
Note 34 – Board of Directors

33. Related parties

On 20 March 2020, Eurobank Ergasias S.A. ("Eurobank Ergasias" or "the Demerged Entity") announced that the demerger of Eurobank Ergasias through sector's hive down and establishment of a new company-credit institution ("Demerger") under the corporate name "Eurobank S.A." was approved, while on 23 March 2020 "the Demerged Entity" was renamed to "Eurobank Ergasias Services and Holdings S.A." ("the Company") (note 31). As at 31 March 2020, the percentage of the Company's ordinary shares with voting rights held by the Hellenic Financial Stability Fund (HFSF) stands at 1.40%. The HFSF is considered to have significant influence over the Company pursuant to the provisions of the Law 3864/2010, as in force the Relationship Framework Agreement (RFA) Eurobank Ergasias has entered into with the HFSF on 4 December 2015 and the Tripartite Relationship Framework Agreement (TRFA) between Eurobank S.A., the Company and the HFSF signed on 23 March 2020. Further information in respect of the HFSF rights based on the aforementioned framework is provided in the section "Report of the Directors and Corporate Governance Statement" of the Annual Financial Report for the year ended 31 December 2019.

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

In addition, as of December 2019, Fairfax Financial Holdings Limited has obtained the required regulatory approvals in relation to the increase of its shareholding in Eurobank Ergasias, which arose from the merger of the latter with Grivalia Properties REIC in the same year. Accordingly Fairfax group, which as at 31 March 2020 holds 31.27% in the Company's share capital, is considered to have significant influence over the Company.

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

	31 March 2020			31 December 2019		
	Fairfax Group € million	**KMP[1] and Entities controlled or jointly controlled by KMP € million**	**Associates and joint ventures € million**	Fairfax Group € million	KMP[1] and Entities controlled or jointly controlled by KMP € million	Associates and joint ventures € million
Loans and advances to customers	**7.02**	**6.22**	**24.53**	3.33	6.20	24.59
Other assets	**-**	**0.01**	**4.73**	-	-	9.81
Due to customers	**0.03**	**19.12**	**49.82**	3.72	20.34	47.75
Derivative financial instruments liabilities	**0.03**	**-**	**-**	-	-	-
Other liabilities	**-**	**0.21**	**4.39**	-	0.04	3.76
Guarantees issued	**-**	**0.01**	**2.00**	0.40	0.01	2.00
Guarantees received	**-**	**0.02**	**-**	-	0.03	-
	Three months ended 31 March 2020			Three months ended 31 March 2019		
Net interest income	**0.03**	**(0.01)**	**(1.02)**	-	(0.00)	(1.08)
Net banking fee and commission income	**0.00**	**0.01**	**3.70**	-	0.00	2.69
Net trading income	**-**	**-**	**(0.01)**	-	-	0.10
Impairment losses relating to loans and advances including relative fees	**(0.02)**	**-**	**(0.16)**	-	-	(1.70)
Other operating income/(expenses) [2]	**-**	**(3.12)**	**(5.11)**	-	-	(6.29)

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

[2] The amount of € 3.12 million relates to the services agreement with Grivalia Management Company S.A.

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

For the period ended 31 March 2020, a reversal of impairment of € 0.1 million (31 March 2019: a reversal of impairment of € 0.3 million) has been recorded against loan balances with Group's associates and joint ventures, while the respective impairment allowance amounts to € 0.4 million (31 December 2019: € 0.5 million). In addition, as at 31 March 2020, the fair value adjustment for loans to Group's associates and joint ventures measured at FVTPL amounts to € 17.7 million.

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

Key management personnel are entitled to compensation in the form of short-term employee benefits of € 1.5 million (31 March 2019: € 1.51 million) and long-term employee benefits of € 0.23 million (31 March 2019: € 0.21 million). In addition, as at 31 March 2020, the defined benefit obligation for the KMP amounts to € 1.50 million (31 December 2019: € 1.70 million), while the respective cost for the period through the income statement amounts to € 0.02 million and the actuarial gain through the other comprehensive income amounts to € 0.22 million (31 March 2019: € 0.02 million cost through the income statement).

34. Board of Directors

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

Further to that:

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

Following the above, the BoD is as follows:

G. Zanias	Chairman, Non-Executive
G. Chryssikos	Vice Chairman, Non-Executive
F. Karavias	Chief Executive Officer
S. Ioannou	Deputy Chief Executive Officer
K. Vassiliou	Deputy Chief Executive Officer
B. P. Martin	Non-Executive
A. Gregoriadi	Non-Executive Independent
I. Rouvitha- Panou	Non-Executive Independent
R. Kakar	Non-Executive Independent
J. Mirza	Non-Executive Independent
G. Myhal	Non-Executive Independent
D. Miskou	Non-Executive (HFSF representative under Law 3864/2010)

Athens, 27 May 2020

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