PIRAEUS BANK GROUP

Consolidated Interim Financial Statements

30 September 2019

The Consolidated Interim Financial Statements have been approved by Piraeus Bank S.A. Board of Directors on 21 November 2019 and are available on the web site of Piraeus Bank at www.piraeusbankgroup.com

The information contained in the Consolidated Interim Financial Statements have been translated from the original Consolidated Interim Financial Statements that have been prepared in the Greek language. In the event that differences exist between this translation and the original Greek language Consolidated Interim Financial Statements, the Greek language Consolidated Interim Financial Statements will prevail over this document.

Consolidated Interim Financial Statements as at 30 September 2019

Notes to the Consolidated Interim Financial Statements

€ Million	Note	9 month period ended 30/9/2019	9 month period ended 30/9/2018 As restated	3 month period ended 30/9/2019	3 month period ended 30/9/2018 As restated
CONTINUING OPERATIONS					
Interest and similar income		1,390	1,411	463	457
Interest expense and similar charges		(318)	(357)	(109)	(108)
NET INTEREST INCOME		**1,072**	**1,054**	**353**	**349**
Fee and commission income	6	300	331	112	151
Fee and commission expense	6	(73)	(68)	(31)	(27)
NET FEE AND COMMISSION INCOME		**227**	**263**	**81**	**124**
Dividend income		1	7	0	0
Net gain/ (losses) from financial instruments measured at fair value through profit or loss		14	39	1	15
Results from the disposal of participation of subsidiaries and associates		(4)	(19)	(0)	0
Net gain/ (losses) from financial instruments measured at fair value through other comprehensive income		5	12	3	(5)
Net other income/ (expenses)		46	49	29	15
TOTAL NET INCOME		**1,361**	**1,405**	**467**	**499**
Staff costs	7	(394)	(502)	(135)	(117)
Administrative expenses		(266)	(311)	(92)	(103)
Depreciation and amortisation		(91)	(77)	(30)	(26)
Net gain/ (losses) from sale of property and equipment and intangible assets		2	(2)	(0)	0
TOTAL OPERATING EXPENSES BEFORE PROVISIONS		**(749)**	**(892)**	**(257)**	**(246)**
PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX		**612**	**513**	**210**	**253**
ECL Impairment losses on loans and advances to customers at amortised cost	13	(489)	(395)	(157)	(149)
Impairment (losses)/releases on other assets		(15)	(22)	(10)	(2)
ECL Impairment (losses)/ releases on financial assets at fair value through other comprehensive income		9	6	(1)	(1)
Impairment on associates		-	(50)	-	0
Impairment of property and equipment and intangible assets		(7)	(7)	(2)	(3)
Other impairment (losses)/ releases		(1)	0	0	0
Other provision releases/ (charges)		2	13	2	1
Share of profit/ (loss) of associates and joint ventures		(0)	(13)	11	11
PROFIT/ (LOSS) BEFORE INCOME TAX		**110**	**46**	**53**	**110**
Income tax benefit/ (expense)	9	(35)	(10)	(9)	(17)
PROFIT/ (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		**75**	**35**	**44**	**93**
DISCONTINUED OPERATIONS					
Profit/ (loss) after income tax from discontinued operations	8	12	(339)	5	(27)
PROFIT/ (LOSS) FOR THE PERIOD		**87**	**(304)**	**49**	**67**
From continuing operations					
Profit/ (loss) attributable to equity holders of the Bank		78	40	44	94
Non controlling interest		(2)	(4)	0	(1)
From discontinued operations					
Profit/ (loss) attributable to equity holders of the Bank		12	(339)	5	(27)
Non controlling interest		0	(1)	-	0
Earnings/ (losses) per share attributable to equity holders of the Bank (in €):					
From continuing operations					
- Basic	11	0.18	0.09	0.10	0.22
- Diluted	11	0.09	0.05	0.05	0.11
From discontinued operations					
- Basic	11	0.03	(0.78)	0.01	(0.06)
- Diluted	11	0.01	(0.41)	0.01	(0.03)

€ Million	Note	9 month period ended		3 month period ended	
		30/9/2019	30/9/2018	30/9/2019	30/9/2018
CONTINUING OPERATIONS					
Profit/ (loss) for the period (A)		**75**	**35**	**44**	**93**
Other comprehensive income, net of tax:					
Items that may be reclassified subsequently to profit or loss					
Change in reserve from financial assets measured at FVTOCI	12	124	(32)	51	(6)
Change in currency translation reserve	12	9	2	5	(3)
Items that will not be reclassified subsequently to profit or loss					
Change in reserve from financial assets measured at FVTOCI	12	23	5	2	1
Change in reserve of defined benefit obligations	12	0	(0)	(0)	-
Other comprehensive income/ (expense), net of tax (B)	12	**155**	**(26)**	**58**	**(8)**
Total comprehensive income/ (expense), net of tax (A)+(B)		**231**	**10**	**102**	**85**
- Attributable to equity shareholders of the parent entity		233	14	102	86
- Non controlling interest		(2)	(4)	0	(1)
DISCONTINUED OPERATIONS					
Profit/ (loss) for the period (C)		**12**	**(339)**	**5**	**(27)**
Other comprehensive income, net of tax:					
Items that may be reclassified subsequently to profit or loss					
Change in reserve from financial assets measured at FVTOCI	12	(4)	0	-	0
Change in currency translation reserve	12	(4)	145	-	(0)
Items that will not be reclassified subsequently to profit loss					
Change in reserve from financial assets measured at FVTOCI	12	(1)	0	-	0
Change in reserve of defined benefit obligations	12	(0)	(0)	-	(0)
Other comprehensive income/ (expense), net of tax (D)	12	**(9)**	**145**	**0**	**0**
Total comprehensive income/ (expense), net of tax (C)+(D)		**3**	**(194)**	**5**	**(27)**
- Attributable to equity shareholders of the parent entity		3	(193)	5	(27)
- Non controlling interest		(0)	(1)	-	0

€ Million	Note	30/9/2019	31/12/2018
ASSETS			
Cash and balances with Central Banks		2,479	2,572
Loans and advances to credit institutions		1,278	1,120
Financial assets at fair value through profit or loss		650	382
Financial assets mandatorily at fair value through profit or loss		103	110
Derivative financial instruments - assets		576	378
Reverse repos with customers		82	103
Loans and advances to customers at amortised cost	13	37,953	39,757
Loans and advances to customers mandatorily at FVTPL		73	84
Financial assets at fair value through other comprehensive income		1,618	2,270
Debt securities at amortised cost	14	1,125	208
Assets held for sale		128	307
Investment property		1,137	1,079
Investments in associated undertakings and joint ventures	15	180	162
Property and equipment		1,054	1,010
Intangible assets		289	292
Current tax assets	10	208	221
Deferred tax assets		6,561	6,647
Other assets		3,488	3,458
Assets from discontinued operations	8	109	1,721
TOTAL ASSETS		**59,089**	**61,880**
LIABILITIES			
Due to credit institutions	16	3,032	5,548
Due to customers	17	45,172	44,739
Liabilities at fair value through profit or loss		80	62
Derivative financial instruments - liabilities		631	413
Debt securities in issue	18	521	528
Other borrowed funds	19	404	-
Current income tax liabilities		11	2
Deferred tax liabilities		33	32
Retirement benefit obligations		126	192
Other provisions		185	168
Other liabilities		1,118	885
Liabilities from discontinued operations	8	17	1,804
TOTAL LIABILITIES		**51,331**	**54,374**
EQUITY			
Share capital (ordinary shares)	22	2,620	2,620
Share premium	22	13,075	13,075
Contingent convertible bonds	22	2,040	2,040
Less: Treasury shares	22	(0)	(1)
Other reserves	23	285	155
Retained earnings	23	(10,378)	(10,499)
Capital and reserves attributable to equity holders of the parent entity		**7,642**	**7,390**
Non controlling interest		116	116
TOTAL EQUITY		**7,758**	**7,506**
TOTAL LIABILITIES AND EQUITY		**59,089**	**61,880**

€ Million	Note	Attributable to equity shareholders of the parent entity								
		Share Capital	Share Premium	Contingent Convertible Bonds	Treasury shares	Other reserves	Retained earnings	Total	Non controlling interest	Total
Opening balance as at 1/1/2018 based on final IFRS 9 FTA		**2,620**	**13,075**	**2,040**	**(0)**	**51**	**(10,308)**	**7,477**	**126**	**7,602**
Other comprehensive income, net of tax	12	-	-	-	-	119	-	119	0	119
Profit/ (loss) after tax for the period 1/1 - 30/9/2018	23	-	-	-	-	-	(299)	(299)	(5)	(304)
Total comprehensive income/ (expense) for the period 1/1 - 30/9/2018		**0**	**0**	**0**	**0**	**119**	**(299)**	**(179)**	**(5)**	**(184)**
(Purchases)/ sales of treasury shares	22, 23	-	-	-	0	-	(1)	(0)	-	(0)
Transfer between other reserves and retained earnings	23	-	-	-	-	(11)	11	-	-	0
Recycling of the accumulated reserve from financial assets measured at FVTOCI	23	-	-	-	-	-	0	0	-	0
Disposals and movements in participating interests	23	-	-	-	-	(6)	(12)	(18)	0	(17)
Balance as at 30/9/2018		**2,620**	**13,075**	**2,040**	**(0)**	**154**	**(10,609)**	**7,280**	**121**	**7,401**
Opening balance as at 1/10/2018		**2,620**	**13,075**	**2,040**	**(0)**	**154**	**(10,609)**	**7,280**	**121**	**7,401**
Other comprehensive income, net of tax		-	-	-	-	7	-	7	(0)	7
Profit/ (loss) after tax for the period 1/10-31/12/2018	23	-	-	-	-	-	141	141	(7)	133
Total comprehensive income/ (expense) for the period 1/10-31/12/2018		**0**	**0**	**0**	**0**	**7**	**141**	**148**	**(7)**	**141**
(Purchases)/ sales of treasury shares	22, 23	-	-	-	(0)	-	(0)	(0)	-	(0)
Transfer between other reserves and retained earnings	23	-	-	-	-	(0)	0	0	-	0
Recycling of the accumulated reserve from financial assets measured at FVTOCI	23	-	-	-	-	-	(32)	(32)	-	(32)
Disposals and movements in participating interests	23	-	-	-	-	(6)	1	(5)	2	(3)
Balance as at 31/12/2018		**2,620**	**13,075**	**2,040**	**(0)**	**155**	**(10,499)**	**7,390**	**116**	**7,506**
Opening balance as at 1/1/2019		**2,620**	**13,075**	**2,040**	**(0)**	**155**	**(10,499)**	**7,390**	**116**	**7,506**
Other comprehensive income, net of tax	12	-	-	-	-	146	-	146	(0)	146
Profit/ (loss) after tax for the period 1/1 - 30/9/2019	23	-	-	-	-	-	89	89	(2)	87
Total comprehensive income/ (expense) for the period 1/1 - 30/9/2019		**0**	**0**	**0**	**0**	**146**	**89**	**236**	**(2)**	**233**
(Purchases)/ sales of treasury shares	22, 23	-	-	-	0	-	0	1	-	1
Transfer between other reserves and retained earnings	23	-	-	-	-	2	(2)	-	-	0
Recycling of the accumulated reserve from financial assets measured at FVTOCI	23	-	-	-	-	-	2	2	-	2
Disposals and movements in participating interests	23	-	-	-	-	(19)	32	14	2	16
Balance as at 30/9/2019		**2,620**	**13,075**	**2,040**	**(0)**	**285**	**(10,378)**	**7,642**	**116**	**7,758**

€ Million	9 month period ended	
	30/9/2019	30/9/2018
Cash flows from operating activities from continuing operations		
Profit/ (Loss) before tax	110	46
Adjustments to profit/ loss before tax:		
Add: provisions and impairment	502	454
Add: depreciation and amortisation charge	91	77
Add: retirement benefits and cost of voluntary exit scheme	42	146
Net (gains)/losses from financial instruments measured at fair value through P&L	(6)	(15)
Net (gains)/losses from financial instruments measured at fair value through other comprehensive income	(5)	(12)
(Gains)/ losses from investing activities	5	29
Cash flows from operating activities before changes in operating assets and liabilities	738	725
Changes in operating assets and liabilities:		
Net (increase)/ decrease in cash and balances with Central Banks	(235)	279
Net (increase)/ decrease in financial instruments at fair value through profit or loss	(208)	(252)
Net (increase)/ decrease in financial assets mandatorily at fair value through profit or loss	(1)	4
Net (increase)/ decrease in debt securities at amortised cost	(916)	(84)
Net (increase)/ decrease in loans and advances to credit institutions	(92)	97
Net (increase)/ decrease in loans and advances to customers	1,227	2,540
Net (increase)/ decrease in reverse repos with customers	21	(175)
Net (increase)/ decrease in other assets	(21)	(220)
Net increase/ (decrease) in amounts due to credit institutions	(2,858)	(6,731)
Net increase/ (decrease) in liabilities at fair value through profit or loss	12	50
Net increase/ (decrease) in amounts due to customers	435	1,775
Net increase/ (decrease) in other liabilities	27	(82)
Net cash flow from operating activities before income tax payment	(1,870)	(2,074)
Income tax paid	(2)	(0)
Net cash inflow/ (outflow) from continuing operating activities	**(1,873)**	**(2,074)**
Cash flows from investing activities of continuing operations		
Purchases of property and equipment	(70)	(102)
Sales of property and equipment and intangible assets	16	24
Purchases of intangible assets	(14)	(20)
Purchases of assets held for sale	-	(0)
Sales of assets held for sale other than sales of subsidiaries	269	0
Purchases of financial assets at fair value through other comprehensive income	(1,585)	(1,648)
Disposals of financial assets at fair value through other comprehensive income	2,338	1,151
Acquisition of subsidiaries	(92)	-
Sales of subsidiaries	111	194
Establishment and participation in share capital increases/ decreases of associates and joint ventures	(10)	(14)
Sales of associates	1	9
Dividends received	1	7
Net cash inflow/ (outflow) from continuing investing activities	**965**	**(399)**
Cash flows from financing activities of continuing operations		
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds	397	95
Purchases/ sales of treasury shares and preemption rights	1	(0)
Net cash inflow/ (outflow) from continuing financing activities	**398**	**94**
Effect of exchange rate changes on cash and cash equivalents	9	(11)
Net increase/ (decrease) in cash and cash equivalents from continuing activities (A)	**(501)**	**(2,390)**
Net cash flows from discontinued operating activities	99	84
Net cash flows from discontinued investing activities	(348)	(311)
Net cash flows from discontinued financing activities	-	-
Exchange difference of cash and cash equivalents	(0)	(2)
Net increase/ (decrease) in cash and cash equivalents from discontinued activities (B)	**(249)**	**(229)**
Cash and cash equivalents at the beginning of the period (C)	**3,351**	**4,188**
Cash and cash equivalents at the end of the period (A) + (B) + (C)	**2,601**	**1,568**

1 General information

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

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

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

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

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

Piraeus Bank is incorporated and domiciled in Greece. The address of its registered office is 4 Amerikis str., 105 64 Athens, General commercial registry number 225501000. The duration of the Bank lapses on 6/7/2099. The Group provides services in Southeastern and Western Europe. The Group employs, as of 30 September 2019, 12,905 people out of which 1,007 people refer to discontinued operations (IMITHEA S.A.).

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

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

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

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

2 Summary of significant accounting policies

2.1 Basis of preparation

The Condensed Interim Consolidated Financial Statements as at and for the nine-month period ended 30 September 2019 (the "Consolidated Interim Financial Statements") have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

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

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim period, except for the adoption of IFRS 16 “Leases” which is effective as of 1 January 2019. For the amendment of the Group’s accounting policy on lease arrangements, please refer to Note 2.4. As permitted by the transitional provisions of IFRS 16, the Group has elected not to restate the comparative period information, following the modified retrospective approach. Therefore, the accounting policy as set out in Note 2.2.20 of the Annual Financial Report of the Group for the year ended 31 December 2018 applies to periods ended up to 31 December 2018.

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

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

2.2 Going concern

Conclusion

Management has concluded that the Consolidated Interim Financial Statements of the Group have been appropriately prepared on a going concern basis for the nine-month period ended 30 September 2019 taking into account:

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

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

c) the return of the Group to profitability and internal capital generation; and

d) the improved capital adequacy of the Group deriving from the issue of a fixed rate subordinated Tier II note (the “TIER II Note”) of nominal value € 400 million on 26 June 2019, in conjunction with the Capital Strengthening Plan currently being executed.

Macroeconomic environment

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

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

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

At the same time, since June 2018 a cash buffer has been built up in order to cover the Greek sovereign financial needs. In 2018, and in 2019 up to the date of publication on 9 month results Moody's, S&P Global and Fitch had gradually upgraded the Greek sovereign rating to "B1" (Stable Outlook), "BB-" (Positive Outlook) and "BB-" (Stable Outlook) respectively. In January 2019, Greece returned to International debt markets with a € 2.5 billion five-year bond issuance at a 3.6% yield. Furthermore, in March 2019 and July 2019, Greece issued bonds of nominal value € 2.5 billion each, with a ten-year and seven year maturity respectively and a yield of 3.9% and 1.9% respectively, while in October 2019 another €1.5 billion was raised through reopening of the ten-year issue at the historical low yield of 1.50%, reflecting a solid environment, a necessary condition for the Greek economy to stay on a sustainable growth path.

In 2018, real Gross Domestic Product "GDP" sustaining the growth momentum of 2017 (+1.5%), increased by 1.9%. The Greek economy maintained its positive momentum in the first semester of 2019 albeit at a slower pace, increasing by 1.5% on an annual basis. Exports, investments and final consumption had positive contribution to growth. At the same time in 2018, the steady improvement in the economic sentiment both in the business and consumers environment, drove the economic sentiment indicator ("ESI") to 102.1 points (annual average), the highest level compared to the last decade. The economic sentiment indicator remained high (more than 102 points) during the nine month period of 2019, whereas in September 2019 stood at 107.2 points. Moreover, the unemployment rate decreased to 19.3% in 2018 against 21.5% in 2017, with a 2.0% increase in employment on an annual basis. In the first semester of 2019, the unemployment rate stood at 18.1% and the employment trend continued to rise to 2.5% on an annual basis. Moreover, in 2018 there was an 0.6% inflation (2017: 1.1%) and 0.3% respectively in the nine months of 2019, incorporating among others the changes in energy prices and taxation. Furthermore, in 2018, the tourism sector continued its positive momentum and during Jan. – Aug. 2019 there was a 13.6% annual increase in travel receipts. Alongside tourism, a plethora of other economic activity indicators, such as industry, retail and wholesale trade, services and exports recorded positive trends in the last two years.

At the fiscal level, the general government surplus for 2018 was 1.0% of GDP and the primary surplus according to the Enhanced Surveillance definition, stood at 4.3% of GDP compared to a target of 3.5% of GDP, exceeding for the fourth consecutive year the targets of the program. According to the draft budgetary plan, the primary surplus of general government for 2019 in enhanced surveillance terms is estimated at 3.7% of GDP.

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

Liquidity

As at 30 September 2019, the Group's deposits increased to € 45.2 billion from € 44.7 billion as at 31 December 2018 (+1%). During the first nine months of 2019, the Group's exposure to the Eurosystem decreased to € 0.8 billion from € 3.2 billion as at 31 December 2018 due to deleveraging of the Bank's loan portfolio and further increase of customer deposits base. The Bank's ELA funding was fully repaid in July 2018 and remained nil as at 30 September 2019. On 31 August 2018, the Bank's € 10 billion Global Covered Bonds Programme was assigned with an Investment grade credit rating by the rating agency DBRS. The credit rating upgrade resulted to significantly lower funding cost compared to the repo market, as the Bank has pledged as collateral to ECB's main refinancing operations part of the € 4.5 billion of covered bonds currently outstanding.

In its March and June 2019 meetings, the ECB announced a series of seven new quarterly TLTRO III auctions from September 2019 to March 2021, each with a maturity of two years and specified their terms. During the first nine months of 2019, the Bank returned funding of € 500 million of TLTRO II to ECB, while in September 2019 it participated in the 1st TLTRO III auction, on a trial basis, raising € 100 million and is expected to assess and conclude on the further use of the TLTRO III facility in the next quarterly auctions.

Capital adequacy

The Group's Basel III Common Equity Tier 1 (CET-1) ratio as at 30 September 2019 stood at 14.17%. The total regulatory capital ratio, strengthened by circa 85 bp due to the issuance of € 400 million Tier II note in June 2019, stood at 15.02%. The Overall Capital Requirement ("OCR") ratio stands at 14.0% in 2019, as set by the SSM through the Supervisory Review and Evaluation Process ("SREP").

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

On 3 June 2019, Piraeus Bank and Intrum announced a long-term strategic partnership, establishing a market-leading servicer for non-performing assets in Greece. The total purchase price consideration agreed with Intrum for acquiring the 80% shareholding plus one share of the Bank's RBU business and the Bank's newly established Real Estate Owned ("REO") company is € 328 million, of which an amount of € 32 million is contingent on the actual future performance of the acquired servicing entities over the period 2020-2022. The Group's Capital will be favorably impacted in Q4 2019 from the conclusion of the transaction, which took place on 23 October 2019.

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

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

New Accounting Standards

IFRS 16 "Leases". IFRS 16 has been issued in January 2016 and supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases – Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective to ensure that lessees and lessors disclose relevant information in a manner that faithfully represents those transactions. The standard introduces a single lessee accounting model that requires recognition of a right-of-use of asset and a lease liability for all leases with a residual lease term higher than 12 months, unless the underlying asset is of low value. Lessor accounting remains substantially unchanged compared to IAS 17. Accounting treatment for the lessees requires that, upon a lease commencement the lessee recognizes a right-of-use asset and a relevant financial lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs, estimated cost for dismantling or restoring the asset to its initial condition and any payments less incentives before the commencement date. Subsequently, the right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment, except for the leased investment properties for which the recognized asset is measured at fair value. Respectively, at the commencement date, the lease liability is measured at the present value of the future lease payments, discounted using the rate implicit in the lease or, if this rate cannot be readily determined, the lessee's incremental borrowing rate (IBR). The right-of-use asset is initially measured at the amount of the lease liability.

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

Amendments to Accounting Standards and Interpretations

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

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

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

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

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

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

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

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

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

2.4 Amendment to accounting policy due to adoption of IFRS 16

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

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

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

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

The cost of the RoU assets comprise:

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

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

c) any initial direct costs; and

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

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

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

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

3 Critical accounting estimates and judgements

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

4 Financial Risk Management

4.1 Fair values of financial instruments

4.1.1 Financial instruments not measured at fair value

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

Assets	Carrying Amount		Fair Value	
	30/9/2019	31/12/2018	30/9/2019	31/12/2018
Loans and advances to customers at amortised cost	37,953	39,757	38,061	39,495
Debt securities at amortised cost	1,125	208	1,221	213

Liabilities	Carrying Amount		Fair Value	
	30/9/2019	31/12/2018	30/9/2019	31/12/2018
Debt securities in issue	521	528	526	516
Other borrowed funds	404	-	430	-

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

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

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

4.1.2 Financial instruments measured at fair value

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

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

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

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

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

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

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

30/9/2019	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments - assets	-	571	5	**576**
Financial instruments at FVTPL	650	0	0	**650**
- Bonds	561	-	-	**561**
- Treasury bills	83	-	-	**83**
- Shares & other variable income securities	6	-	-	**6**
Financial assets mandatorily at FVTPL	62	0	41	**103**
- Bonds	-	-	5	**5**
- Shares & other variable income securities	62	-	36	**98**
Loans and advances to customers mandatorily at FVTPL	-	-	73	**73**
Financial assets at FVTOCI	1,456	74	89	**1,618**
- Bonds	1,416	-	-	**1,416**
- Shares	40	74	89	**203**
Total	**2,168**	**644**	**208**	**3,020**
Liabilities				
Derivative financial instruments - liabilities	-	631	-	**631**
Liabilities at FVTPL	80	-	-	**80**
Total	**80**	**631**	**-**	**712**

31/12/2018	Fair value hierarchy			
	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments - assets	-	372	6	**378**
Financial instruments at FVTPL	382	0	0	**382**
- Bonds	190	-	-	**190**
- Treasury bills	182	-	-	**182**
- Shares & other variable income securities	10	-	0	**10**
Financial assets mandatorily at FVTPL	59	0	52	**110**
- Bonds	-	-	16	**16**
- Shares & other variable income securities	59	-	36	**94**
Loans and advances to customers mandatorily at FVTPL	-	-	84	**84**
Financial assets at FVTOCI	2,137	51	81	**2,270**
- Bonds	2,097	-	-	**2,097**
- Shares	40	51	81	**172**
Total	**2,578**	**423**	**223**	**3,223**
Liabilities				
Derivative financial instruments - liabilities	-	413	-	**413**
Liabilities at FVTPL	62	-	-	**62**
Total	**62**	**413**	**-**	**474**

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

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

The following table presents a reconciliation of all Level 3 fair value measurements for the period ended 30 September 2019 and for the year 2018:

	Reconciliation of Level 3 fair value measurements				
	Financial assets mandatorily at FVTPL	Loans and advances to customers mandatorily at FVTPL	Financial assets at FVTOCI	Derivative financial instruments - assets	Derivative financial instruments - liabilities
Opening balance as at 1/1/2019	**52**	**84**	**81**	**6**	**0**
Profit/ (loss) for the period	(9)	(2)	2	(1)	-
- Unrealised	(11)	(2)	-	(1)	-
- Realised	1	-	2	-	-
Other comprehensive income	-	-	5	-	-
Purchases	-	-	5	-	-
Disposals/ Settlements	(1)	(9)	(5)	-	-
Transfer from loans and advances to customers at amortised cost	-	0	-	-	-
Closing Balance as at 30/9/2019	**41**	**73**	**89**	**5**	**0**

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

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

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

Fair value hierarchy for discontinued operations

As at 30 September 2019, the Group's discontinued operations do not include any financial assets or financial liabilities measured at fair value on a recurring basis. As at 31 December 2018, the fair value hierarchy for discontinued operations is as follows:

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

4.2 Credit Risk Management

4.2.1 Loans and advances to customers at amortised cost

For credit risk management purposes, the Group monitors its credit risk exposure on all acquired loans and advances to customers at amortised cost on a gross basis, i.e. the exposure at default is grossed up with the unamortised purchase price allocation adjustment as of the reporting date (the "PPA adjustment").

For the purposes of this disclosure, gross carrying amount is defined as the amortised cost, before adjusting for any loss allowance, grossed up with the PPA adjustment. Similarly, the ECL allowance for impairment losses presented in the following tables includes the PPA adjustment. As such, the gross carrying amount and ECL allowance for impairment losses presented below does not reconcile to Note 13. The Group's PPA adjustment was initially recognized within the period 2012-2015 and derives from acquisitions of the former ATEbank, the Greek banking operations of Cypriot Banks in Greece (i.e. Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank), Millennium Bank S.A., Geniki Bank S.A. and Panellinia Bank S.A. The PPA adjustment amounted to € 2.9 billion and € 8.1 billion, as at 30 September 2019 and the date of acquisition, respectively.

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

30/9/2019	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit impaired Lifetime ECL	POCI Credit impaired Lifetime ECL	Total
Mortgages					
Gross carrying amount	5,433	2,232	3,778	2,624	**14,068**
Less: ECL Allowance for impairment losses	(3)	(47)	(974)	(708)	**(1,731)**
Total Mortgages	**5,431**	**2,185**	**2,804**	**1,916**	**12,336**
Consumer, Personal and Other loans					
Gross carrying amount	882	451	1,168	938	**3,440**
Less: ECL Allowance for impairment losses	(29)	(64)	(734)	(565)	**(1,391)**
Total Consumer, Personal and Other loans	**854**	**387**	**434**	**373**	**2,049**
Credit Cards					
Gross carrying amount	432	166	188	96	**882**
Less: ECL Allowance for impairment losses	(2)	(7)	(155)	(82)	**(247)**
Total Credit Cards	**430**	**158**	**33**	**14**	**635**
Retail Lending					
Gross carrying amount	6,748	2,848	5,135	3,659	**18,389**
Less: ECL Allowance for impairment losses	(33)	(117)	(1,863)	(1,356)	**(3,369)**
Total Retail Lending	**6,714**	**2,731**	**3,271**	**2,303**	**15,020**
Loans to Large Corporate					
Gross carrying amount	6,907	985	4,488	651	**13,031**
Less: ECL Allowance for impairment losses	(51)	(61)	(1,993)	(345)	**(2,449)**
Total Loans to Large Corporate	**6,856**	**924**	**2,495**	**306**	**10,582**
Loans to SMEs					
Gross carrying amount	4,385	1,382	9,107	3,292	**18,166**
Less: ECL Allowance for impairment losses	(27)	(101)	(4,081)	(1,772)	**(5,981)**
Total Loans to SMEs	**4,358**	**1,280**	**5,026**	**1,520**	**12,185**
Loans to Public Sector					
Gross carrying amount	156	2	11	3	**172**
Less: ECL Allowance for impairment losses	(2)	(0)	(4)	(0)	**(6)**
Total Loans to Public Sector	**153**	**2**	**7**	**3**	**165**
Corporate and Public Sector Lending					
Gross carrying amount	11,448	2,369	13,606	3,946	**31,369**
Less: ECL Allowance for impairment losses	(80)	(162)	(6,078)	(2,117)	**(8,436)**
Total Corporate and Public Sector Lending	**11,368**	**2,207**	**7,529**	**1,829**	**22,932**
Loans and advances to customers at amortised cost					
Gross carrying amount	18,195	5,217	18,741	7,605	**49,758**
Less: ECL Allowance for impairment losses	(113)	(279)	(7,941)	(3,473)	**(11,805)**
Total Loans and advances to customers at amortised cost	**18,082**	**4,938**	**10,800**	**4,133**	**37,953**

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

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

	Movement in ECL allowance				
	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 1/1/2019	**154**	**367**	**8,743**	**4,069**	**13,333**
Transfer (to)/ from Held for Sale	-	(2)	(214)	(237)	**(453)**
Transfers between stages (net)	95	60	(155)	-	**0**
ECL Impairment charge for the period	(95)	(85)	680	(11)	**489**
Change in the present value of the allowance	0	2	294	182	**478**
Write-off of interest recognised from change in the present value of the allowance	(0)	(3)	(402)	(208)	**(613)**
Write-off ECL allowance	(2)	(14)	(848)	(258)	**(1,122)**
FX differences and other movements	(40)	(46)	(156)	(64)	**(307)**
At 30/9/2019	**113**	**279**	**7,941**	**3,473**	**11,805**

	Movement in ECL allowance				
	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 1/1/2018	**157**	**790**	**10,785**	**5,370**	**17,102**
Transfer to discontinued operations	(2)	(3)	(79)	-	**(84)**
Transfer (to)/ from Held for Sale	(0)	-	(838)	(535)	**(1,372)**
Transfers between stages (net)	69	(197)	127	-	**(0)**
ECL Impairment charge for the period	(63)	(111)	494	74	**394**
Change in the present value of the allowance	0	-	336	217	**554**
Write-off of interest recognised from change in the present value of the allowance	-	-	(454)	(249)	**(703)**
Write-off ECL allowance	(0)	(2)	(1,358)	(692)	**(2,052)**
FX differences and other movements	(3)	(1)	74	9	**79**
At 30/9/2018	**159**	**476**	**9,088**	**4,195**	**13,917**

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

	Movement in ECL allowance				
	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 1/10/2018	**159**	**476**	**9,088**	**4,195**	**13,917**
Transfer (to)/ from Held for Sale	0	(9)	525	507	**1,023**
Transfers between stages (net)	(137)	(67)	204	-	**0**
ECL Impairment charge for the period	150	(44)	372	(341)	**137**
Change in the present value of the allowance	(0)	5	141	21	**167**
Write-off of interest recognised from change in the present value of the allowance	(0)	(9)	(193)	(24)	**(225)**
Write-off ECL allowance	(0)	(2)	(578)	243	**(337)**
FX differences and other movements	(18)	17	(817)	(532)	**(1,349)**
At 31/12/2018	**154**	**367**	**8,743**	**4,069**	**13,333**

4.2.2 Other receivables from the Greek Public Sector

As at 30 September 2019 and 31 December 2018, the total carrying value of the Group's receivables from the Greek Public Sector is as follows:

	30/9/2019	31/12/2018
Derivative financial instruments - assets	483	306
Bonds and treasury bills at FVTPL	638	242
Loans and advances to Public sector at amortised cost	165	1,738
Bonds, treasury bills and other variable income securities at FVTOCI	1,294	2,002
Other assets	514	534
Total	**3,094**	**4,822**

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

5 Business segments

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

The business segments are defined as follows:

Piraeus "Core" Segments

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

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

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

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

"Piraeus Legacy Unit" – (PLU) Segment

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

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

1/1 - 30/9/2019	"Core" Segments						
	Retail Banking	Corporate Banking	PFM	Other	Total	PLU	Group
Net interest income	401	315	76	22	814	258	**1,072**
Net fee and commission income	129	83	4	6	221	5	**227**
Net other income/ (expense)	5	(9)	52	10	57	4	**62**
Total Net Income	**535**	**389**	**132**	**38**	**1,093**	**268**	**1,361**
Total operating expenses before provisions	(341)	(104)	(19)	(133)	(597)	(152)	**(749)**
Profit/ (loss) before provisions, impairment and income tax	**194**	**285**	**113**	**(95)**	**496**	**116**	**612**
ECL impairment losses on loans and advances to customers at amortised cost	8	(81)	(0)	(1)	(74)	(416)	**(489)**
Impairment (losses) / releases on other assets	-	-	-	(14)	(14)	(1)	**(15)**
ECL impairment (losses) / releases on financial assets at FVTOCI	-	-	9	-	9	-	**9**
Impairment on associates	-	-	-	-	-	0	**0**
Impairment of property and equipment and intangible assets	-	-	-	(7)	(7)	(0)	**(7)**
Other impairment (losses) / releases	-	-	(1)	-	(1)	(0)	**(1)**
Other provision releases / (charges)	0	6	0	(3)	3	(1)	**2**
Share of profit/ (loss) of associates and joint ventures	-	-	-	4	4	(4)	**(0)**
Profit/ (loss) before income tax	**203**	**210**	**120**	**(117)**	**416**	**(306)**	**110**
Income tax benefit/ (expense)							(35)
Profit/ (loss) for the period from continuing operations							**75**
Profit/ (loss) after income tax from discontinued operations	-	-	-	-	-	12	**12**
Profit/ (loss) for the period							**87**
As at 30/9/2019							
Total assets from continuing operations (excluding assets held for sale)	10,057	12,974	6,664	11,001	40,697	18,156	**58,853**
Total assets from discontinued operations	-	-	-	-	-	109	**109**
Assets held for sale	0	0	-	5	5	123	**128**
Total assets	10,057	12,975	6,664	11,006	40,702	18,387	**59,089**
Total liabilities	34,323	7,084	6,950	1,677	50,035	1,297	**51,331**

1/1 - 30/9/2018	"Core" Segments					PLU	Group
	Retail Banking	Corporate Banking	PFM	Other	Total		
Net interest income	432	345	68	(5)	841	213	**1,054**
Net fee and commission income	116	96	5	30	247	16	**263**
Net other income/ (expense)	3	1	41	33	78	10	**88**
Total Net Income	**551**	**443**	**114**	**59**	**1,166**	**239**	**1,405**
Total operating expenses before provisions	(359)	(114)	(17)	(233)	(724)	(168)	**(892)**
Profit/ (loss) before provisions, impairment and income tax	**191**	**328**	**97**	**(175)**	**442**	**71**	**513**
ECL Impairment losses on loans and advances to customers at amortised cost	(25)	(30)	0	(19)	(74)	(320)	**(395)**
Impairment (losses) / releases on other assets	-	-	-	(11)	(11)	(10)	**(22)**
ECL impairment (losses) / releases on financial assets at FVTOCI	-	-	-	6	6	-	**6**
Impairment on associates	-	-	-	(0)	(0)	(49)	**(50)**
Impairment of property and equipment and intangible assets	-	-	-	(7)	(7)	-	**(7)**
Other impairment (losses) / releases	-	-	-	(0)	(0)	0	**0**
Other provision releases / (charges)	-	-	-	16	16	(3)	**13**
Share of profit/ (loss) of associates and joint ventures	-	-	-	(13)	(13)	(0)	**(13)**
Profit/ (loss) before income tax	**167**	**298**	**97**	**(205)**	**358**	**(312)**	**46**
Income tax benefit/ (expense)							(10)
Profit/ (loss) for the period from continuing operations							**35**
Profit/ (loss) after income tax from discontinued operations	-	-	-	-	-	(339)	**(339)**
Profit/ (loss) for the period							**(304)**
As at 31/12/2018							
Total assets from continuing operations (excluding assets held for sale)	10,162	13,830	5,768	11,257	41,018	18,834	**59,852**
Total assets from discontinued operations	-	-	-	-	-	1,721	**1,721**
Assets held for sale	-	33	-	-	33	274	**307**
Total assets	10,162	13,862	5,768	11,257	41,050	20,829	**61,880**
Total liabilities	33,044	7,643	9,023	1,951	51,662	2,712	**54,374**

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

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

The intercompany transactions among the business segments are realised on an arm's length basis.

6 Net fee and commission income

	1/1 - 30/9/2019	1/1 - 30/9/2018 As restated
Fee and commission income		
Commercial banking	277	313
Investment banking	14	9
Asset management	10	10
Total fee and commission income	**300**	**331**
Fee and commission expense		
Commercial banking	(70)	(66)
Investment banking	(3)	(3)
Asset management	(0)	(0)
Total fee and commission expense	**(73)**	**(68)**
Net fee and commission income	**227**	**263**

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

a. Fee and commission income

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

	Fee and Commission income					
1/1 - 30/9/2019	Retail Banking	Corporate Banking	Piraeus Financial Markets	Other	PLU	Total
Acquiring	29	16	1	0	1	**47**
Asset management/Brokerage	15	1	4	1	0	**20**
Bancassurance	18	3	0	5	1	**27**
Cards Issuance	28	4	0	0	2	**33**
Deposits Commissions	4	1	0	0	0	**5**
Funds Transfer	27	9	0	1	2	**39**
Letters of Guarantee	2	20	0	0	3	**25**
Loans and advances to customers at amortised cost	6	33	0	1	2	**42**
Payments	15	3	0	0	0	**19**
FX fees	18	2	0	0	0	**21**
Other	13	5	0	1	4	**23**
Total	**174**	**96**	**5**	**9**	**16**	**300**

	Fee and Commission income					
1/1 - 30/9/2018	Retail Banking	Corporate Banking	Piraeus Financial Markets	Other	PLU	Total
Acquiring	25	23	1	0	1	**50**
Asset management/Brokerage	10	0	4	1	0	**16**
Bancassurance	18	4	0	55	2	**78**
Cards Issuance	23	3	0	0	2	**28**
Deposits Commissions	4	1	0	0	0	**6**
Funds Transfer	26	9	0	1	2	**38**
Letters of Guarantee	2	22	0	0	2	**26**
Loans and advances to customers at amortised cost	5	42	0	(20)	4	**31**
Payments	14	3	0	0	0	**17**
FX fees	16	3	0	0	0	**19**
Other	12	3	0	1	5	**21**
Total	**155**	**113**	**6**	**38**	**20**	**331**

b. Other income

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

	Other Income			
1/1 - 30/9/2019	**Retail Banking**	**Other**	**PLU**	**Total**
Other operating income	0	20	3	**22**
Gain from sale of investment property	-	0	0	**1**
Gain from sale of other assets	-	1	5	**6**
Total	**0**	**21**	**8**	**29**

	Other Income			
1/1 - 30/9/2018	**Retail Banking**	**Other**	**PLU**	**Total**
Other operating income	0	20	8	**28**
Gain from sale of investment property	-	0	0	**0**
Gain from sale of other assets	-	0	4	**4**
Total	**0**	**21**	**11**	**32**

7 Staff costs

The decrease in staff cost is attributed to the reduction of staff headcount employed by the Group in 2019 compared to 2018, which was partially offset by the recognition of an amount of € 36 million as at 30 September 2019 for the Voluntary Exit Schemes (VES) that were launched in February 2018 and July 2019 (of which € 30 million relates to the latter VES). The final cost of the latest 2019 VES will be determined in the fourth quarter of 2019, when the number of employees willing to participate is finalized.

8 Discontinued operations

Discontinued operations as at 30 September 2019 comprise of IMITHEA S.A., while as at 31 December 2018, comprised of IMITHEA S.A., Piraeus Bank Bulgaria A.D. and Tirana Bank I.B.C. S.A.. The profit or losses from discontinued operations for the period ended 30 September 2019 comprises of IMITHEA S.A., Piraeus Bank Bulgaria A.D. and Tirana Bank I.B.C. S.A. (for the latter two until the day of their disposal), while the profit or losses from discontinued operations for the period ended 30 September 2018 comprised of IMITHEA S.A., Tirana Bank I.B.C. S.A., Piraeus Bank Bulgaria A.D., Sentinel Advisors S.A., Piraeus Leasing Doo Beograd, Piraeus Bank Beograd A.D., Piraeus Bank Romania S.A. and Olympic Commercial & Tourist Enterprises S.A.

IMITHEA S.A.

In the first quarter of 2017, the Bank's subsidiary IMITHEA S.A., owner and operator of the Henry Dunant Hospital Center, was classified as a discontinued operation in the consolidated interim financial statements. In early August 2018, Piraeus Bank announced the completion of the first stage for the disposal of its 100% subsidiary IMITHEA S.A., following the receipt of non-binding offers by investors. The Bank assessed the non-binding offers received and proceeded to the next stage of the process. The Bank announced on 15 October 2018, that the second stage of the process (i.e. the submission of binding offers) was successfully completed and the Bank has not yet proceeded to making an award. As of 30 September 2019, the Bank remains committed to its strategic plan to dispose IMITHEA S.A. and considers that the sale is highly probable in the foreseeable future. For this reason, IMITHEA S.A. is classified as discontinued operation.

Piraeus Bank Bulgaria A.D.

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

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

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

Sentinel Advisors S.A

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

Piraeus Bank Beograd AD and Piraeus Leasing Doo Beograd

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

Piraeus Bank Romania S.A

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

Olympic Commercial & Tourist Enterprises S.A.

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

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

	1/1 - 30/9/2019	1/1 - 30/9/2018
Interest and similar income	19	68
Interest expense and similar charges	(1)	(10)
NET INTEREST INCOME	**17**	**58**
Fee and commission income	8	23
Fee and commission expense	(1)	(4)
NET FEE AND COMMISSION INCOME	**7**	**19**
Dividend income	0	0
Net gain/ (losses) from financial instruments measured at fair value through profit or loss	2	(3)
Results from the disposal of participation of subsidiaries and associates	9	(156)
Net gain/ (losses) from financial instruments measured at fair value through other comprehensive income	-	0
Net other income/ (expenses)	24	30
TOTAL NET INCOME	**60**	**(52)**
Staff costs	(28)	(53)
Administrative expenses	(16)	(44)
Depreciation and amortisation	(6)	(9)
Net gain/ (losses) from sale of property and equipment and intangible assets	0	0
TOTAL OPERATING EXPENSES BEFORE PROVISIONS	**(51)**	**(106)**
PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX	**9**	**(158)**
Provisions and Impairment Losses	(4)	(186)
Share of profit/ (loss) of associates and joint ventures	-	-
PROFIT/ (LOSS) BEFORE INCOME TAX	**5**	**(344)**
Income tax benefit/ (expense)	7	5
PROFIT/ (LOSS) AFTER INCOME TAX FROM DISCONTINUED OPERATIONS	**12**	**(339)**

In the current period, the loss arising from the measurement of the subsidiaries presented as Discontinued Operations to fair value less costs to sell, based on the provisions of IFRS 5, amounted to € 2 million (period ended 30 September 2018: € 179 million). The aforementioned loss is included in the “Provisions and impairment losses” line in the above table.

B) Assets and liabilities as discontinued operations

	30/9/2019	31/12/2018
ASSETS		
Cash and balances with Central Banks	0	278
Loans and advances to credit institutions	-	116
Derivative financial instruments - assets	-	0
Reverse repos with customers	-	1
Loans and advances to customers at amortised cost	-	992
Financial assets measured at FVTOCI	-	230
Investment property	-	1
Property and equipment	82	84
Intangible assets	0	0
Deferred tax assets	12	6
Other assets	15	15
Total Assets	**109**	**1,721**

	30/9/2019	31/12/2018
LIABILITIES		
Due to credit institutions	-	33
Due to customers	-	1,601
Derivative financial instruments - liabilities	-	0
Retirement benefit obligations	5	6
Other provisions	1	142
Other liabilities	11	22
Total Liabilities	**17**	**1,804**

9 Income tax benefit / (expense)

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

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

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

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

	1/1 - 30/9/2019	1/1 - 30/9/2018
Current tax expense	(10)	(10)
Deferred tax benefit / (expense)	(25)	(0)
Total	**(35)**	**(10)**

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

	1/1 - 30/9/2019	1/1 - 30/9/2018
Pensions and other post retirement benefits	(19)	5
Loans and advances to customers	287	157
Other provisions	(3)	(7)
Securities valuation adjustment	(0)	1
Derivative financial instruments valuation adjustment	6	24
Investment property fair value adjustment	1	(0)
Depreciation of property and equipment	(46)	(5)
Amortisation of Intangible assets and lease liabilities	(4)	(24)
Recognition of tax losses carried forward	(214)	(47)
Impairment of Greek government bonds (PSI related)	(41)	(41)
Participations	(33)	(54)
Other temporary differences	41	(9)
Total	**(25)**	**(0)**

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

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

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

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

According to article 82 of Greek Law 4472/2017 credit institutions and other legal entities scoped into the provisions of article 27A of Greek Law 4172/2013 are required to pay an annual fee of 1.5% on the excess amount guaranteed by the Greek State of deferred tax assets arising from the difference between the tax rate applicable under Greek Law 4334/2015 (Gazette A' 80/16/7/2015) retrospectively from 1 January 2015 onwards (29%), and the tax rate applicable on 30 June 2015 (26%). The corresponding amount for the Group for the period ended 30 September 2019 is € 5 million and has been recognized within line item “Net other income/ (expenses)" of the Income Statement.

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

10 Current tax assets

	30/9/2019	31/12/2018
Current tax assets	260	275
Accumulated impairment of current tax assets	(52)	(54)
Net amount of current tax assets	208	221

Current tax assets include the following withholding tax receivables, which the Group claims from the Greek state:

a) Withholding taxes on interest of bonds and treasury bills of € 89 million relating to the financial years 2009, 2011, 2012 and 2013 (tax years 2008, 2010, 2011 and 2012). Under the provisions of Greek Law 4605 (article 93, par.1 & 2), as published at Gazette A' 52 on 1 April 2019, an amendment was introduced into the Greek Corporate Income Tax legislation, clarifying the status of the aforementioned withholding tax receivables of the Bank, as follows:

- Taxes of € 26 million, withheld in accordance with the provisions of para. 8 of article 12 of Greek Law 2238/1994, are offset as a priority when income tax is incurred and to the extent that such income tax is sufficient for the purposes of the above set-off, while an amount of € 14 million, withheld on the same basis, for the financial year 2010 (tax year 2009) is claimed from the Greek State; and

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

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

c) Withholding taxes on corporate bonds of € 42 million, which are refundable by the Greek State.

d) Various other tax claims of the Group of € 17 million.

11 Earnings/ (losses) per share

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

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

	1/1 - 30/9/2019	1/1 - 30/9/2018	1/7 - 30/9/2019	1/7 - 30/9/2018
Profit/ (loss) for the period attributable to ordinary shareholders of the parent entity from continuing operations	78	40	44	94
Profit/ (loss) for the period attributable to ordinary shareholders of the parent entity from discontinued operations	12	(339)	5	(27)
Profit/ (loss) for the period attributable to ordinary shareholders of the parent entity from continuing and discontinued operations	**89**	**(299)**	**48**	**68**
Weighted average number of ordinary shares in issue (Basic earnings / losses)	436,435,920	436,416,759	436,509,738	436,320,750
Potential dilutive ordinary shares from CoCos	394,400,000	394,400,000	394,400,000	394,400,000
Weighted average number of ordinary shares in issue (Diluted earnings / losses)	**830,835,920**	**830,816,759**	**830,909,738**	**830,720,750**
Basic earnings/(losses) per share in € from continuing operations	0.18	0.09	0.10	0.22
Diluted earnings/(losses) per share in € from continuing operations	0.09	0.05	0.05	0.11
Basic earnings/(losses) per share in € from discontinued operations	0.03	(0.78)	0.01	(0.06)
Diluted earnings/(losses) per share in € from discontinued operations	0.01	(0.41)	0.01	(0.03)
Basic earnings/(losses) per share in € from continuing and discontinued operations	**0.20**	**(0.68)**	**0.11**	**0.15**
Diluted earnings/(losses) per share in € from continuing and discontinued operations	**0.11**	**(0.36)**	**0.06**	**0.08**

12 Items that may be reclassified subsequently to profit or loss

Other comprehensive income, net of tax from continuing and discontinued operations for the period ended 30 September 2019, amounted to € 146 million (period ended 30 September 2018: € 119 million). The table below shows the analysis of these amounts:

A. Continuing operations - Group

1/1 - 30/9/2019	Before-Tax amount	Tax	Net-of-Tax amount
Items that may be reclassified subsequently to profit or loss			
Change in reserve from financial assets measured at FVTOCI	179	(55)	124
Change in currency translation reserve	9	-	9
Items that will not be reclassified subsequently to profit or loss			
Change in reserve from financial assets measured at FVTOCI	31	(8)	23
Change in reserve of defined benefit obligations	0	(0)	0
Other comprehensive income/ (expense) from continuing operations	**218**	**(63)**	**155**

1/1 - 30/9/2018	Before-Tax amount	Tax	Net-of-Tax amount
Items that may be reclassified subsequently to profit or loss			
Change in reserve from financial assets measured at FVTOCI	(41)	9	(32)
Change in currency translation reserve	2	-	2
Items that will not be reclassified subsequently to profit or loss			
Change in reserve from financial assets measured at FVTOCI	7	(2)	5
Change in reserve of defined benefit obligations	(0)	(0)	(0)
Other comprehensive income/ (expense) from continuing operations	**(32)**	**7**	**(26)**

B. Discontinued operations - Group

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

1/1 - 30/9/2018	Before-Tax amount	Tax	Net-of-Tax amount
Items that may be reclassified subsequently to profit or loss			
Change in reserve from financial assets measured at FVTOCI	0	-	0
Change in currency translation reserve	145	-	145
Items that will not be reclassified subsequently to profit or loss			
Change in reserve from financial assets measured at FVTOCI	0	-	0
Change in reserve of defined benefit obligations	(0)	-	(0)
Other comprehensive income/ (expense) from discontinued operations	**145**	**0**	**145**

13 Loans and advances to customers at amortised cost

30/9/2019	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit impaired Lifetime ECL	POCI Credit impaired Lifetime ECL	Total
Mortgages	5,399	2,201	3,726	2,369	13,695
Consumer, personal and other loans	869	421	1,100	497	2,886
Credit cards	432	166	187	19	804
Total Retail Lending	**6,700**	**2,788**	**5,013**	**2,885**	**17,386**
Large Corporate	6,890	807	4,355	437	12,489
SMEs	4,337	1,363	8,859	2,273	16,831
Public Sector	155	2	9	3	169
Corporate and Public Sector Lending	**11,382**	**2,172**	**13,222**	**2,713**	**29,489**
Total gross loans and advances to customers	**18,082**	**4,959**	**18,235**	**5,598**	**46,875**
Less: ECL Allowance	0	(22)	(7,435)	(1,466)	(8,922)
Loans and advances to customers at amortised cost	**18,082**	**4,938**	**10,800**	**4,133**	**37,953**

For reconciliation of gross carrying amount and ECL allowance, please see the comment of Note 4.2.1.

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

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

	Movement in ECL allowance				
	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 1/1/2019	**31**	**258**	**7,971**	**1,580**	**9,840**
Transfer (to)/ from Held for Sale	-	(2)	(206)	(38)	**(245)**
Transfers between stages (net)	86	(87)	1	-	**0**
ECL Impairment charge for the period	(95)	(85)	680	(11)	**489**
Change in the present value of the allowance	0	2	294	182	**478**
Write-off of interest recognised from change in the present value of the allowance	(0)	(3)	(402)	(208)	**(613)**
Write-off ECL allowance	(1)	(13)	(826)	(140)	**(980)**
FX differences and other movements	(22)	(49)	(77)	100	**(48)**
At 30/9/2019	**(0)**	**22**	**7,435**	**1,466**	**8,922**

The net modification loss for the Group, for the period ended 30 September 2019 is € 26 million.

This net modification loss above represents the changes in the gross carrying amounts (i.e. before impairment allowance) of the financial assets from immediately before, to immediately after modification of € 186 million for the Group and the impact of modification on the ECL allowance associated with these assets was a release of ECL allowances of € 160 million.

	Movement in ECL allowance				
	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 1/1/2018	**123**	**719**	**9,349**	**1,090**	**11,281**
Transfer to discontinued operations	(2)	(3)	(79)	-	**(84)**
Transfer (to)/ from Held for Sale	(0)	-	(609)	(19)	**(629)**
Transfers between stages (net)	69	(197)	127	-	**(0)**
ECL Impairment charge for the period	(63)	(111)	494	74	**394**
Change in the present value of the allowance	0	-	336	217	**554**
Write-off of interest recognised from change in the present value of the allowance	-	-	(454)	(249)	**(703)**
Write-off ECL allowance	(0)	(2)	(1,077)	(5)	**(1,084)**
FX differences and other movements	(133)	(87)	(51)	209	**(62)**
At 30/9/2018	**(6)**	**319**	**8,036**	**1,317**	**9,667**

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

	Movement in ECL allowance				
	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 1/10/2018	**(6)**	**319**	**8,036**	**1,317**	**9,667**
Transfer (to)/ from Held for Sale	0	(9)	297	19	**307**
Transfers between stages (net)	(137)	(67)	204	-	**0**
ECL Impairment charge for the period	150	(44)	372	(341)	**137**
Change in the present value of the allowance	(0)	5	141	21	**167**
Write-off of interest recognised from change in the present value of the allowance	(0)	(9)	(193)	(24)	**(225)**
Write-off ECL allowance	(0)	1	463	1	**464**
FX differences and other movements	23	63	(1,350)	588	**(677)**
At 31/12/2018	**31**	**258**	**7,971**	**1,580**	**9,840**

Loans and advances to customers held for sale

During the third quarter of 2018, the Bank entered into an agreement for the disposal of non-performing and denounced corporate loans, secured with real estate collateral, equivalent to € 110 million total claims. On 30 September 2018, the Bank classified these loans as assets held for sale given that all necessary conditions were met as of that date. In August 2019, the Bank completed the disposal of the first part of the portfolio (Portfolio A), amounting to € 93 million total claims. For the second part of the portfolio (Portfolio B), this is expected to be completed one year after the Portfolio A disposal (i.e. August 2020) and it currently amounts to € 19 million of total claims.

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

Furthermore, during the first semester of 2019, the Bank signed an agreement for the disposal of non-performing and denounced corporate and shipping loans, secured with vessels and real estate collaterals, equivalent to € 535 million total legal claims. The agreed consideration amounted to € 240 million and the disposal was completed on July 2019.

Furthermore, during 2019, the Group initiated an active programme for the disposal of a portfolio mainly consisting of non-performing and denounced loans, partially secured with real estate collaterals, equivalent to € 1.8 billion total legal claim. The Bank, Piraeus Leases and Piraeus Leasing as at 30 September 2019, have transferred this loan perimeter to the HFS portfolio given that all necessary conditions are met. The operating segment in which the relevant portfolio is presented is PLU as at 30 September 2019.

Furthermore, during the third semester of 2019, the Bank initiated an active programme for the disposal of a non-performing and denounced corporate loan, secured with real estate collaterals, equivalent to € 69 million total legal claims. The Bank, as at 30 September 2019, has transferred this loan perimeter to the HFS portfolio given that all necessary conditions are met. The operating segment in which the relevant portfolio is presented is PLU as at 30 September 2019.

14 Debt securities at amortised cost

	30/9/2019	31/12/2018
Greek Government Bonds	0	0
Foreign Government Bonds (other than Greek government)	1,125	208
Gross carrying amount of debt securities at amortised cost	**1,125**	**208**
Less: ECL Allowance	(0)	0
Net carrying amount of debt securities at amortised cost	**1,125**	**208**

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

15 Investments in consolidated companies

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

A) Subsidiaries (full consolidation method)

s/n	Name of Company	Activity	Country	Unaudited tax years (1)	% holding
1.	Piraeus Leasing S.A.	Finance leases	Greece	2013-2018	100.00%
2.	Piraeus Financial Leases S.A.	Finance leases	Greece	2013-2018	100.00%
3.	Geniki Financial & Consulting Services S.A.	Financial & consulting services	Greece	2012-2018	100.00%
4.	Piraeus Securities S.A.	Stock exchange operations	Greece	2013-2018	100.00%

s/n	Name of Company	Activity	Country	Unaudited tax years (1)	% holding
5.	Piraeus Factoring S.A.	Corporate factoring	Greece	2013-2018	100.00%
6.	Piraeus Capital Management S.A.	Venture capital fund	Greece	2013-2018	100.00%
7.	Piraeus Jeremie Technology Catalyst Management S.A.	Management of venture capital fund	Greece	2013-2018	100.00%
8.	Hellenic Fund for Sustainable Development	Close End Venture Capital Fund	Greece	-	65.00%
9.	ETVA Fund Management S.A.	Management of venture capital mutual funds	Greece	2014-2018	65.00%
10.	Piraeus Asset Management S.A.	Mutual funds management	Greece	2013-2018	100.00%
11.	Piraeus Insurance Agency S.A.	Insurance agency	Greece	2013-2018	100.00%
12.	Geniki Information S.A.	Assessment and collection of commercial debts	Greece	2013-2018	100.00%
13.	DI.VI.PA.KA S.A.	Administrative and managerial body of the Kastoria industrial park	Greece	2013-2018	57.53%
14.	ETVA Development S.A.	Investment and development activities, in accordance with the principles of sustainable development	Greece	2014-2018	65.00%
15.	ETVA Industrial Parks S.A.	Development/ management of industrial areas	Greece	2013-2018	65.00%
16.	Abies S.A.	Property management	Greece	2013-2018	61.65%
17.	Achaia Clauss Estate S.A.	Property management	Greece	2013-2018	75.49%
18.	Euroterra S.A.	Property management	Greece	2013-2018	62.90%
19.	Kosmopolis A' Shopping Centers S.A.	Shopping center's management	Greece	2013-2018	100.00%
20.	Linklife Food & Entertainment Hall S.A.	Operation of food and entertainment Halls	Greece	2014-2018	100.00%
21.	ND Development S.A.	Property management	Greece	2013-2018	100.00%
22.	New Up Dating Development Real Estate and Tourism S.A.	Property, tourism & development company	Greece	2013-2018	100.00%
23.	Picar S.A.	City Link areas management	Greece	2013-2018	100.00%
24.	Property Horizon S.A.	Property management	Greece	2013-2018	100.00%
25.	Rebikat S.A.	Property management	Greece	2013-2018	61.92%
26.	General Construction and Development Co. S.A.	Property development/ holding company	Greece	2013-2018	66.66%

s/n	Name of Company	Activity	Country	Unaudited tax years (1)	% holding
27.	Entropia Ktimatiki S.A.	Property management	Greece	2013-2018	66.70%
28.	Euroak S.A. Real Estate	Real estate investment	Greece	2013-2018	53.60%
29.	Komotini Real Estate Development S.A.	Property management	Greece	2013-2018	100.00%
30.	Piraeus Buildings S.A.	Property development	Greece	2010-2018	100.00%
31.	Piraeus Development S.A.	Property management	Greece	2013-2018	100.00%
32.	Piraeus Real Estate S.A.	Construction company	Greece	2013-2018	100.00%
33.	Pleiades Estate S.A.	Property management	Greece	2013-2018	100.00%
34.	A.C.T. B.A.S. S.A.	Counseling services for payroll and labour affairs	Greece	2011-2018	100.00%
35.	KPM Energy S.A.	Energy generation and exploitation through renewable energy resources	Greece	2013-2018	100.00%
36.	Mille Fin S.A.	Vehicle Trading	Greece	2013-2018	100.00%
37.	Multicollection S.A.	Assessment and collection of commercial debts	Greece	2009-2018	51.00%
38.	Piraeus Direct Solutions S.A.	Financial - telecommunication & IT services	Greece	2013-2018	100.00%
39.	Zibeno I Energy S.A.	Energy generation through renewable energy resources	Greece	2015-2018	100.00%
40.	Centre of Sustainable Entrepreneurship Excelixi S.A.	Consulting Services - Hotel - Training & Seminars	Greece	2013-2018	100.00%
41.	PROSPECT M.C.P.Y.	Yachting management	Greece	-	100.00%
42.	Anemos Ipirou Anonymi Energeiaki Etaireia	The exploitation of wind energy park in Greece.	Greece	2011-2018	100.00%
43.	Aioliki Mbeleheri S.A.	The exploitation of wind energy park in Greece and the holding of investments with similar activities.	Greece	2011-2018	100.00%
44.	Aiolikon Parko Artas Aetoi E.E.	The exploitation of wind energy park in Greece	Greece	2011-2018	100.00%
45.	Aiolikon Parko Evritanias Morforahi E.E.	The exploitation of wind energy park in Greece	Greece	2011-2018	100.00%
46.	Aiolikon Parko Evritanias Ouranos E.E.	The exploitation of wind energy park in Greece	Greece	2011-2018	100.00%
47.	DMX Aioliki Marmariou - Agathi LLP	The exploitation of wind energy park in Greece	Greece	2011-2018	100.00%
48.	DMX Aioliki Marmariou - Rigani LLP	The exploitation of wind energy park in Greece	Greece	2011-2018	100.00%
49.	DMX Aioliko Parko Rodopi 2 E.E.	The exploitation of wind energy park in Greece	Greece	2011-2018	100.00%

s/n	Name of Company	Activity	Country	Unaudited tax years (1)	% holding
50.	Thriacio Logistics Center S.A.	Logistic Center	Greece	2018	52.00%
51.	Tirana Leasing Sh.A.	Finance leases	Albania	2016-2018	100.00%
52.	Cielo Consultancy Sh.P.K.	Holding and investment company	Albania	2014-2018	99.09%
53.	Beta Asset Management EOOD	Rent and management of real estate	Bulgaria	2013-2018	100.00%
54.	Bulfina E.A.D.	Property management	Bulgaria	2008-2018	100.00%
55.	Bulfinace E.A.D.	Property Management	Bulgaria	2008-2018	100.00%
56.	Delta Asset Management EOOD	Real Estate Development	Bulgaria	2015-2018	100.00%
57.	Gama Asset Management EOOD	Real Estate Development	Bulgaria	2015-2018	100.00%
58.	Piraeus Real Estate Bulgaria EOOD	Construction company	Bulgaria	2007-2018	100.00%
59.	Varna Asset Management EOOD	Real estate development	Bulgaria	2014-2018	100.00%
60.	Asset Management Bulgaria EOOD	Travel - rental services and property management	Bulgaria	2012-2018	100.00%
61.	Besticar Bulgaria EOOD	Collects receivables	Bulgaria	2012-2018	100.00%
62.	Besticar EOOD	Collects receivables from problematic clients	Bulgaria	2012-2018	100.00%
63.	Emerald Investments EOOD	Property management	Bulgaria	2018	100.00%
64.	Piraeus Nedvizhimi Imoti EOOD	Real Estate Development	Bulgaria	-	100.00%
65.	Piraeus Equity Investment Management Ltd	Investment management	Cyprus	2012-2018	100.00%
66.	Arigeo Energy Holdings Ltd	Holding company in renewable energy	Cyprus	2013-2018	100.00%
67.	Euroinvestment & Finance Public Ltd	Asset management, real estate operations	Cyprus	2008-2018	90.85%
68.	Piraeus Clean Energy Holdings Ltd	Holding Company	Cyprus	2013-2018	100.00%
69.	Piraeus Equity Partners Ltd	Holding company	Cyprus	2013-2018	100.00%
70.	Piraeus Renewable Investments Limited	Holding company	Cyprus	2016-2018	100.00%
71.	PRI WIND I Limited	Holding company	Cyprus	2016-2018	100.00%
72.	PRI WIND II Limited	Holding company	Cyprus	2016-2018	100.00%
73.	PRI WIND III Limited	Holding company	Cyprus	2016-2018	100.00%
74.	R.E. Anodus Two Ltd	Holding and investment company	Cyprus	2013-2018	99.09%

s/n	Name of Company	Activity	Country	Unaudited tax years (1)	% holding
75.	Tellurion Ltd	Holding company	Cyprus	2013-2018	100.00%
76.	Tellurion Two Ltd	Holding company	Cyprus	2013-2018	99.09%
77.	Trieris Two Real Estate Ltd	Holding, Investment and Real Estate Portfolio Management	Cyprus	2011-2018	100.00%
78.	Zibeno Investments Ltd	Holding Company	Cyprus	2013-2018	100.00%
79.	O.F. Investments Ltd	Investment company	Cyprus	2013-2018	100.00%
80.	R.E. Anodus Ltd	Consultancy services for real estate development and investments	Cyprus	2009-2018	100.00%
81.	Lakkos Mikelli Real Estate Ltd	Property management	Cyprus	2009-2018	50.66%
82.	Philoktimatiki Public Ltd	Land and property development	Cyprus	2015-2018	53.29%
83.	Piraeus Clean Energy GP Ltd	General partner of Piraeus Clean Energy LP	Cyprus	2012-2018	100.00%
84.	Piraeus Equity Advisors Ltd	Investment advice	Cyprus	2012-2018	100.00%
85.	Sunholdings Properties Company Ltd	Land and property development	Cyprus	2008-2018	26.65%
86.	Philoktimatiki Ergoliptiki Ltd	Construction company	Cyprus	2015-2018	53.29%
87.	WH South Wind Hellas Ltd	The holding of investments in Renewable Energy Sector in Greece	Cyprus	2016-2018	100.00%
88.	Emadierio Solar Energy & Investments Ltd	The exploitation of wind energy park in Greece	Cyprus	2016-2018	100.00%
89.	Josharton Ltd	Holding of investments	Cyprus	2016-2018	100.00%
90.	JSC Piraeus Bank ICB	Banking activities	Ukraine	-	99.99%
91.	Akinita Ukraine LLC	Real estate development	Ukraine	2014-2018	100.00%
92.	Sinitem LLC	Sale and purchase of real estate	Ukraine	2013-2018	99.94%
93.	Solum Enterprise LLC	Property management	Ukraine	2012-2018	99.94%
94.	Solum Limited Liability Company	Property management	Ukraine	2018	99.94%
95.	Piraeus Leasing Romania S.A.	Monitoring and collection services for loans disbursed by the company	Romania	2003-2018	100.00%
96.	Daphne Real Estate Consultancy SRL	Real estate development	Romania	2014-2018	99.09%

s/n	Name of Company	Activity	Country	Unaudited tax years (1)	% holding
97.	Priam Business Consultancy SRL	Real estate development	Romania	2014-2018	99.18%
98.	Proiect Season Residence SRL	Real estate development	Romania	2012-2018	100.00%
99.	R.E. Anodus SRL	Real Estate development	Romania	2013-2018	99.09%
100.	Rhesus Development Projects SRL	Real estate development	Romania	2014-2018	99.09%
101.	Piraeus Rent Doo Beograd	Operating Leases	Serbia	2007-2018	100.00%
102.	Piraeus Real Estate Egypt LLC	Property management	Egypt	2011-2018	100.00%
103.	Trieris Real Estate Management Ltd	Management of Trieris Real Estate Ltd	British Virgin Islands	-	100.00%
104.	Marathon 1 Greenvale Rd LLC	Real estate development	U.S.A.	2012-2018	99.95%
105.	Piraeus Group Capital Ltd	Debt securities issue	United Kingdom	-	100.00%
106.	Piraeus Group Finance PLC	Debt securities issue	United Kingdom	-	100.00%
107.	Axia Finance III PLC	SPE for securitization of corporate loans	United Kingdom	-	-
108.	Axia Finance PLC	SPE for securitization of corporate loans	United Kingdom	-	-
109.	Axia III APC LIMITED	SPE for securitization of corporate loans	United Kingdom	-	-
110.	Estia Mortgage Finance PLC	SPE for securitization of mortgage loans	United Kingdom	-	-
111.	Estia Mortgage Finance II PLC	SPE for securitization of mortgage loans	United Kingdom	-	-
112.	Kion Mortgage Finance PLC	SPE for securitization of mortgage loans	United Kingdom	-	-
113.	Praxis I Finance PLC	SPE for securitization of consumer loans	United Kingdom	-	-
114.	Praxis II APC LIMITED	SPE for securitization of consumer loans	United Kingdom	-	-
115.	Praxis II Finance PLC	SPE for securitization of consumer loans	United Kingdom	-	-
116.	Piraeus Asset Management Europe S.A.	Mutual funds management	Luxemburg	-	100.00%

s/n	Name of Company	Activity	Country	Unaudited tax years (1)	% holding
117.	IMITHEA S.A. (2)	Organization, operation and management of hospital units	Greece	2013-2018	100.00%

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

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

The subsidiaries duly numbered 107 - 115 are special purpose vehicles for securitization of loans and advances to customers and issuance of debt securities. The subsidiary duly numbered 85 although presenting less than 50.00% shareholding, is included in the Group's subsidiaries' portfolio due to majority presence in the Board of Directors of the company.

Furthermore, as at 30 September 2019 the subsidiaries duly numbered 30, 36-37, 51, 65, 97 and 100 were under liquidation.

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

On 6 September 2019 and 16 September 2019, the Bank incorporated "Alternative REO Solutions single-member S.A." and "Alternative Financial Solutions S.A.", respectively. The assets and liabilities of the Bank's NPE business were spinned-off and contributed in kind into the latter on the date of its incorporation. On 23 October 2019, the disposal of the Bank's controlling stake on its NPE business and REO company was completed and an 80% shareholding plus one share on the said companies was transferred to Intrum. The substance of the companies' incorporation was solely to facilitate the disposal of the Bank's NPE business to Intrum, hence the aforementioned transactions were accounted for, in their entirety as a single transaction, on the date that the Bank lost control over its NPE business and REO company, i.e. 23 October 2019. As a result, their financial statements are not included in the Group's consolidated financial statements as of and for the period ended 30 September 2019, even though the Bank was holding an 100% shareholding on both companies at that date. Subsequent to 23 October 2019, the Bank retains a 20% shareholding less one share and exercises significant influence, hence both companies will be accounted for as associates and consolidated in the Group's financial statements with the equity accounting method after 23 October 2019.

B) Associates and joint ventures (equity method investments)

Associates

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

s/n	Name of Company	Activity	Country	Unaudited tax years (1)	% Holding
1	Piraeus - TANEO Capital Fund	Close end Venture capital fund	Greece	-	50.01%
2	PJ Tech Catalyst Fund	Close end Venture capital fund	Greece	-	30.00%
3	APE Commercial Property Real Estate Tourist and Development S.A.	Holding company	Greece	2013-2018	27.80%
4	Marfin Investment Group Holdings S.A.	Holding company	Greece	2013-2018	31.29%
5	Omicron Cyclos Ena Symmetohiki S.A. (former Sciens International Investments & Holding S.A.)	Holding company	Greece	2013-2018	28.10%
6	APE Fixed Assets Real Estate Tourist and Development S.A.	Real estate, development/ tourist services	Greece	2013-2018	27.80%
7	APE Investment Property S.A.	Real estate, development/ tourist services	Greece	2013-2018	28.92%
8	Olganos Real Estate S.A.	Property management/electricity production from hydropower stations	Greece	2014-2018	32.27%
9	Pyrrichos S.A.	Property management	Greece	2013-2018	50.77%
10	Exodus S.A.	Information technology & software	Greece	2013-2018	49.90%
11	Evros' Development Company S.A.	European community programs management	Greece	2010-2018	30.00%
12	Gaia S.A.	Software services	Greece	2017-2018	26.00%
13	Crete Scient. & Tech. Park Manag. & Dev. Co. S.A.	Scientific and technology park management	Greece	2013-2018	30.45%
14	Selonda Aquaculture S.A.	Fish farming	Greece	2013-2018	32.92%
15	Nireus Aquaculture S.A.	Fish farming	Greece	2013-2018	32.23%
16	Teiresias S.A.	Interbanking company of development, operation and management of information systems	Greece	2013-2018	23.53%

s/n	Name of Company	Activity	Country	Unaudited tax years (1)	% Holding
17	Trastor Real Estate Investment Company	Real estate investment property	Greece	2013-2018	39.39%
18	Piraeus Direct Services S.A.	Support and e-commerce services, trade of time renewal cards	Greece	2013-2018	49.90%
19	Inofita Asopos Business Park Development Company S.A.	Business Park Development	Greece	-	24.50%
20	Trieris Real Estate Ltd	Property management	British Virgin Islands	-	32.37%
21	Exus Software Ltd	IT products retailer	United Kingdom	2018	49.90%

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

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

The associate company NGP Plastic S.A., that is immaterial to the Group's financial position and results of operations, is not consolidated but recognised at cost. This immaterial associate accounted for less than 0.4% of Group total net income, less than 0.03% of Group total equity and less than 0.04% of Group total assets, based on the most recent financial statements obtained.

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

Joint ventures

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

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

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

16 Due to credit institutions

Due to credit institutions as at 30 September 2019 of € 3,032 million, include refinancing operations from the Eurosystem through repo transactions amounting to € 800 million (31 December 2018: € 3,200 million). The decrease in the refinancing raised from the Eurosystem is mainly due to the further deleveraging of the loan portfolio, the increase in customer deposits as well as the issuance of subordinated notes amounting to € 400 million on 26 June 2019.

17 Due to customers

Due to customers is analysed as follows as at 30 September 2019 and 31 December 2018:

	30/9/2019	31/12/2018
Corporate		
Current and sight deposits	8,175	8,019
Term deposits	3,302	3,665
Guarantee deposits and other accounts	229	245
Total (A)	**11,706**	**11,928**
Retail		
Current and sight deposits	3,971	3,618
Saving accounts	15,522	15,323
Term deposits	13,834	13,737
Blocked deposits, guarantee deposits and other accounts	33	32
Total (B)	**33,361**	**32,711**
Cheques payable and remittances (C)	105	100
Total Due to customers (A)+(B)+(C)	**45,172**	**44,739**

18 Debt securities in issue

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

	Weighted Interest Rate (%)	30/9/2019	31/12/2018
Residential mortgage backed floating rate notes	3m Euribor + 67bp	50	58
Covered Bonds - floating rate - Series 4	3m Euribor + 250bp	471	471
Total debt securities in issue		**521**	**528**

The financial terms of the debt securities issued from loan securitizations and covered bonds that have been sold to investors as at 30 September 2019 and 31 December 2018 are the following:

Issuer	Description	Underlying Loan Type	Issue Date	Maturity Date	Currency	Weighted Interest Rate on Total Outstanding Amount/ Coupon Frequency	Nominal value	Outstanding nominal amount	Redemptions	Nominal amount own held by the Bank	Nominal amount held by third parties	Carrying value	Weighted Interest Rate on 3rd Parties
30/9/2019													
Securitized Loans													
Estia 1 Mortgage Finance PLC	Residential mortgage backed floating rate notes (Class A,B,C)	Mortgage loans	7-Jun-05	27-Apr-40	EUR	3m Euribor + 50bp/ Quarterly	750	83	667	73	10	10	3m Euribor + 70bp
Estia 2 Mortgage Finance PLC	Residential mortgage backed floating rate notes (Class A,B,C)	Mortgage loans	24-Jul-07	27-Aug-54	EUR	3m Euribor + 43bp/ Quarterly	1,250	528	722	500	28	28	3m Euribor + 70bp
Kion Mortgage Finance PLC	Residential mortgage backed floating rate notes (Class A,B,C)	Mortgage loans	7-Dec-06	15-Jul-51	EUR	3m Euribor + 43bp/ Quarterly	600	35	565	23	12	12	3m Euribor + 58bp
Covered Bonds													
Piraeus Bank SA-Athens	Floating rate covered bond series 4	Mortgage loans	31-Oct-17	31-Oct-22	EUR	3m Euribor + 250bp/ Quarterly	500	500	0	30	470	471	3m Euribor + 250bp

Issuer	Description	Underlying Loan Type	Issue Date	Maturity Date	Currency	Weighted Interest Rate on Total Outstanding Amount/ Coupon Frequency	Nominal value	Outstanding nominal amount	Redemptions	Nominal amount own held by the Bank	Nominal amount held by third parties	Carrying value	Weighted Interest Rate on 3rd Parties
31/12/2018													
Securitized Loans													
Estia 1 Mortgage Finance PLC	Residential mortgage backed floating rate notes (Class A,B,C)	Mortgage loans	7-Jun-05	27-Apr-40	EUR	3m Euribor + 48bp/ Quarterly	750	91	659	81	10	10	3m Euribor + 68bp
Estia 2 Mortgage Finance PLC	Residential mortgage backed floating rate notes (Class A,B,C)	Mortgage loans	24-Jul-07	27-Aug-54	EUR	3m Euribor + 42bp/ Quarterly	1,250	563	687	529	34	34	3m Euribor + 77bp
Kion Mortgage Finance PLC	Residential mortgage backed floating rate notes (Class A,B,C)	Mortgage loans	7-Dec-06	15-Jul-51	EUR	3m Euribor + 41bp/ Quarterly	600	39	561	26	13	13	3m Euribor + 56bp
Covered Bonds													
Piraeus Bank SA-Athens	Floating rate covered bond series 4	Mortgage loans	31-Oct-17	31-Oct-22	EUR	3m Euribor + 250bp/ Quarterly	500	500	0	30	470	471	3m Euribor + 250bp

The major transactions regarding debt securities in issue from 1 January 2019 to 30 September 2019 are as follows:

During the period ended 30 September 2019, the Bank repurchased securitized notes of a nominal value of € 4 million. On 26 September 2019, Estia 1 Mortgage Finance PLC announced the intention to redeem all notes of each class (Classes A,B,C) at their respective principal amounts outstanding together with accrued interest on the interest payment date falling on 28 October 2019.

The major transactions regarding debt securities in issue after 30 September 2019 are as follows:

On 3 October 2019, Estia 2 Mortgage Finance PLC announced the intention to redeem all Notes of each class (Classes A,B,C) at their respective principal amounts outstanding together with accrued interest on the interest payment date falling on 27 November 2019.

The financial terms of the debt securities issued from loan securitizations and covered bonds that are held by the Group as of 30 September 2019 and 31 December 2018 are the following:

Issuer	Description	Underlying Loan Type	Issue Date	Maturity Date	Currency	Weighted Interest Rate/ Coupon Frequency	Nominal value	Outstanding nominal amount	Redemptions	Cancellations
30/9/2019										
Securitized Loans										
Axia 1 Finance PLC	Asset backed floating rate notes (Class A,B)	Corporate Loans	21-Nov-08	25-Apr-35	EUR	3m Euribor + 52bp / Quarterly	1,750	250	0	1,500
Axia 3 Finance PLC	Asset backed floating rate notes (Class A,B)	Corporate Loans	17-Aug-09	26-Aug-24	EUR	3m Euribor + 79bp / Quarterly	2,352	235	0	2,117
Praxis 1 Finance PLC	Asset backed fixed (Class A) and floating (Class B)rate notes	Consumer, personal and other loans	30-Apr-09	28-Jun-35	EUR	3m Euribor / Quarterly	725	196	529	0
Praxis 2 Finance PLC	Asset backed fixed (Class A) and floating (Class B)rate notes	Consumer, personal and other loans	14-Aug-09	27-Dec-23	EUR	1.65% / Monthly	558	370	0	188
Covered Bonds										
Piraeus Bank SA-Athens	Floating rate covered bond Series 3	Mortgage loans	16-Feb-17	18-Nov-19	EUR	1m Euribor + 150bp / Monthly	1,000	500	0	500
Piraeus Bank SA-Athens	Floating rate covered bond Series 5	Mortgage loans	20-Nov-17	20-Nov-20	EUR	3m Euribor + 150bp / Quarterly	1,000	1,000	0	0
Piraeus Bank SA-Athens	Floating rate covered bond Series 6	Mortgage loans	31-Jan-18	29-Jan-21	EUR	3m Euribor + 150bp / Quarterly	1,000	1,000	0	0
Piraeus Bank SA-Athens	Floating rate covered bond Series 7	Mortgage loans	11-May-18	11-Feb-20	EUR	3m Euribor + 150bp / Quarterly	1,000	1,000	0	0

Issuer	Description	Underlying Loan Type	Issue Date	Maturity Date	Currency	Weighted Interest Rate/ Coupon Frequency	Nominal value	Outstanding nominal amount	Redemptions	Cancellations
31/12/2018										
Securitized Loans										
Axia 1 Finance PLC	Asset backed floating rate notes (Class A,B)	Corporate Loans	21-Nov-08	25-Apr-35	EUR	3m Euribor + 52bp / Quarterly	1,750	250	0	1,500
Axia 3 Finance PLC	Asset backed floating rate notes (Class A,B)	Corporate Loans	17-Aug-09	26-Aug-24	EUR	3m Euribor + 79bp / Quarterly	2,352	235	0	2,117
Praxis 1 Finance PLC	Asset backed fixed (Class A) and floating (Class B)rate notes	Consumer, personal and other loans	30-Apr-09	28-Jun-35	EUR	3m Euribor / Quarterly	725	217	508	0
Praxis 2 Finance PLC	Asset backed fixed (Class A) and floating (Class B)rate notes	Consumer, personal and other loans	14-Aug-09	27-Dec-23	EUR	1.66% / Monthly	558	370	0	188
Covered Bonds										
Piraeus Bank SA-Athens	Floating rate covered bond Series 3	Mortgage loans	16-Feb-17	18-Nov-19	EUR	1m Euribor + 150bp / Monthly	1,000	1,000	0	0
Piraeus Bank SA-Athens	Floating rate covered bond Series 5	Mortgage loans	20-Nov-17	20-May-19	EUR	3m Euribor + 150bp / Quarterly	1,000	1,000	0	0
Piraeus Bank SA-Athens	Floating rate covered bond Series 6	Mortgage loans	31-Jan-18	31-Jul-19	EUR	3m Euribor + 150bp / Quarterly	1,000	1,000	0	0
Piraeus Bank SA-Athens	Floating rate covered bond Series 7	Mortgage loans	11-May-18	11-Feb-20	EUR	3m Euribor + 150bp / Quarterly	1,000	1,000	0	0

On 13 May 2019, Piraeus Bank proceeded with amendments to its fully retained Covered Bond Series 5 (due May 2019) and Series 6 (due July 2019) with regard to the extension of their maturity dates by 18 months to November 2020 and January 2021 respectively. On 25 September 2019, Piraeus Bank proceeded with the partial cancellation of the nominal value of its fully retained Covered Bond Series 3 (due November 2019) by € 500 million.

On 7 October 2019, Piraeus Bank proceeded with amendments to its fully retained Covered Bond Series 3 (due November 2019) and Covered Bond Series 7 (due February 2020), with regard to the extension of their maturity dates by 24 months, to November 2021 and February 2022, respectively.

Securitized loans from the securitization of mortgage, corporate and consumer loans of the Group that are included in "Loans and advances to customers" as at 30 September 2019 and 31 December 2018 are the following:

Securitized loans	30/9/2019	31/12/2018
Mortgage loans	635	692
Consumer, personal and other loans	613	622
Corporate Loans	522	522
Total Securitized Loans	**1,769**	**1,835**

The loans that have been granted as collateral in the covered bonds program that are included in "Loans and advances to customers" as at 30 September 2019 and 31 December 2018 are the following:

Loans- collaterals in the covered bonds programme	30/9/2019	31/12/2018
Mortgage loans	5,270	5,496

Senior Unsecured Notes are issued under the Euro Medium Term Note Programme ("EMTN Programme"), either directly by the Bank or through the Group's subsidiary Piraeus Group Finance PLC, bearing the guarantee of the Bank.

The Bank did not issue any Senior Unsecured bonds under its EMTN Programme during the period ended as at 30 September 2019.

19 Other borrowed funds

	30/9/2019	31/12/2018
Subordinated notes - fixed rate	404	-
Total	**404**	**0**

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

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

On 31 October 2019, Piraeus Group Finance PLC was substituted by Piraeus Bank, as issuer of the Tier II Notes.

20 Lease liabilities

The table below presents the contractual undiscounted cash flows of the Group's gross lease liabilities as at 30 September 2019 and as at the date of transition to IFRS 16, that is 1 January 2019. The Group has elected to take a recognition exemption for short-term leases, hence the analysis below does not include any leases with a residual term lower than 12 months as of 1 January 2019.

	30/9/2019	1/1/2019
Up to 1 year	32	32
From 1 to 5 years	92	96
More than 5 years	52	65
Total undiscounted gross liabilities	**177**	**192**

As at 30 September 2019, the present value of lease liabilities amounts to € 145 million for the Group (1 January 2019: € 157 million).

Lease liabilities are included in line item "Other liabilities".

Refer to Note 28 for the IFRS 16 first time adoption transitional disclosures.

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

21.1 Legal proceedings

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

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

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

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

21.2 Pending tax audits

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

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

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

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

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

For the fiscal years 2014, 2015 and 2016, the tax audits of the Bank conducted by PricewaterhouseCoopers S.A have been completed and an unqualified Tax Audit Certificates has been issued. For the fiscal years 2017 and 2018, the tax audit of the Bank was conducted by Deloitte Certified Public Accountants S.A. and an unqualified Tax Audits Certificate has been issued.

Regarding the subsidiaries of the Group that are incorporated in Greece and for which Management has elected optionally to obtain the Tax Certificate based on Greek Law article 65a of Greek Law 4174/2013 the tax audits of these entities for the year 2018 have been completed and the relevant Tax Audit Certificates have been issued.

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

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

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

21.3 Credit commitments

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

As at 30 September 2019 the Group had undertaken the following credit commitments:

	30/9/2019	31/12/2018
Financial guarantees	2,947	2,788
Letters of credit	29	33
Irrevocable undrawn credit commitments	388	469
Total commitments	**3,364**	**3,290**

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

The allowance for expected credit losses on Credit commitments recognized according to IFRS 9 as at 30 September 2019 amounts to € 120 million (31 December 2018: € 131 million) and is included in line "Other provisions" of the Consolidated Interim Statement of Financial Position.

21.4 Assets pledged

	30/9/2019	31/12/2018
Loans and advances to credit institutions	840	646
Loans and advances to customers	1,241	1,841
Financial assets at fair value through other comprehensive income	40	39
Debt securities at amortised cost	5	5
Other assets	29	29
	2,155	**2,560**

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

In the context of the interbank repurchase agreement (repo) transactions, securities of a total nominal value of € 1,819 million (31 December 2018: € 2,178 million) are used for liquidity purposes. The above total includes, Greek government securities of nominal value € 624 million (31 December 2018: € 1,204 million) and own issue debt securities of nominal value € 100 million (31 December 2018: € 622 million).

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

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

22 Share capital and contingent convertible bonds

	Share Capital	Share Premium	Contingent convertible bonds	Treasury Shares	Total
Opening balance at 1/1/2018	**2,620**	**13,075**	**2,040**	**(1)**	**17,734**
Purchases/ sales of treasury shares	-	-	-	0	0
Balance at 31/12/2018	**2,620**	**13,075**	**2,040**	**(1)**	**17,734**
Opening balance at 1/1/2019	**2,620**	**13,075**	**2,040**	**(1)**	**17,734**
Purchases/ sales of treasury shares	-	-	-	0	0
Balance at 30/9/2019	**2,620**	**13,075**	**2,040**	**(1)**	**17,734**

	Number of shares		
	Issued shares	Treasury shares	Net number of shares
Opening balance at 1/1/2018	**436,659,164**	(191,669)	**436,467,495**
Purchases of treasury shares	-	(4,707,405)	(4,707,405)
Sales of treasury shares	-	4,530,947	4,530,947
Balance at 31/12/2018	**436,659,164**	**(368,127)**	**436,291,037**
Opening balance at 1/1/2019	**436,659,164**	**(368,127)**	**436,291,037**
Purchases of treasury shares	-	(4,537,637)	(4,537,637)
Sales of treasury shares	-	4,844,896	4,844,896
Balance at 30/9/2019	**436,659,164**	**(60,868)**	**436,598,296**

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

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

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

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

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

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

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

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

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

23 Other reserves and retained earnings

	30/9/2019	31/12/2018
Legal reserve	84	108
Extraordinary reserve	0	0
Reserve from financial assets measured at FVTOCI	238	97
Currency translation reserve	(54)	(59)
Reserve of defined benefit obligations	(27)	(27)
Other reserves	44	36
Total other reserves	**285**	**155**
Retained earnings	**(10,378)**	**(10,499)**

Other reserves movement	30/9/2019	31/12/2018
Opening balance	**155**	**51**
Change in reserve from financial assets measured at FVTOCI	141	(22)
Transfers between other reserves and retained earnings	2	(15)
Disposals	(19)	(8)
Change in reserve of defined benefit obligations	0	0
Change in currency translation reserve	5	149
Closing balance	**285**	**155**

Fair value through other comprehensive income reserve movement	30/9/2019	31/12/2018
Opening balance	**97**	**119**
Gains/(losses) from the valuation of bonds	192	(26)
Gains/(losses) from the valuation of shares	33	(10)
Impairment losses/ (releases) on bonds	(9)	(5)
Recycling of the valuation of disposals	(12)	15
Deferred income taxes	(63)	5
Foreign exchange differences	(0)	0
Closing balance	**238**	**97**

Retained earnings movement	30/9/2019	31/12/2018
Opening balance	**(10,499)**	**(10,308)**
Profit/ (loss) for the year after tax attributable to the shareholders of the parent entity	89	(158)
Profit/ (loss) from sales of treasury shares	0	(1)
Recycling of the accumulated reserve from financial assets measured at FVTOCI	2	(32)
Transfer between other reserves and retained earnings	(2)	11
Disposals and movement in participating interest	32	(11)
Closing balance	**(10,378)**	**(10,499)**

24 Related parties transactions

Related parties are:

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

b) Close family members of Key Management Personnel,

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

d) Subsidiaries,

e) Associates,

f) Joint ventures and

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

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

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

	30/9/2019		31/12/2018	
(amounts in thousand €)	Key Management Personnel	Other related parties	Key Management Personnel	Other related parties
Loans and advances to customers	5,193	36	5,318	41
Due to customers	1,704	52	892	160
Letters of guarantee and letters of credit	-	-	-	-

	1/1 - 30/9/2019		1/1 - 30/9/2018	
(amounts in thousand €)	Key Management Personnel	Other related parties	Key Management Personnel	Other related parties
Income	79	6	45	61
Expense	11	0	1	0

Members of the Key Management Personnel benefits (amounts in thousand €)	1/1 - 30/9/2019	1/1 - 30/9/2018
Short term benefits	4,038	3,376
Post-employment benefits	63	243

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

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

24.1 Associates

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

(amounts in thousand €)	30/9/2019	31/12/2018
Loans and advances to customers at amortised cost	997,927	1,061,837
Derivative financial assets	391	1,077
Other assets	3,271	3,560
Due to customers	66,175	83,646
Other liabilities	9,350	3,535

(amounts in thousand €)	1/1 - 30/9/2019	1/1 - 30/9/2018
Total expense and capital expenditure	(14,091)	(13,339)
Total income	34,348	39,464

The ECL allowance for impairment on loans and advances to customers granted to associate companies as at 30 September 2019 amounted to € 131 million, compared to € 87 million as at 31 December 2018.

Letters of guarantee to associates of the Group as at 30 September 2019 amounted to € 12 million (31 December 2018: € 7 million).

Other liabilities as at 30 September 2019 include an amount of € 6 million, which is related to lease liabilities of real estate of Group’s associates, according to IFRS 16. The Group has implemented IFRS 16 prospectively based on its transitional provisions (modified retrospective approach) and therefore, the respective amount as at 31 December 2018 does not include lease liabilities of associates’ real estate.

24.2 Joint ventures

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

(amounts in thousand €)	30/9/2019	31/12/2018
Loans and advances to customers at amortised cost	53,122	52,652

(amounts in thousand €)	1/1 - 30/9/2019	1/1 - 30/9/2018
Total income	370	629

The ECL allowance for impairment on loans and advances to customers granted to joint ventures as at 30 September 2019 amounted to € 41 million (31 December 2018: € 42 million).

25 Changes in the portfolio of consolidated companies

The analysis of changes of the consolidated companies' portfolio during the period ended 30 September 2019 is presented below:

a) Establishment:

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

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

On 10 September 2019, ETVA VI.PE S.A., a 65.00% subsidiary company of Piraeus Bank, established the Inofita Asopos Business Park Development Company S.A. by paying the amount of € 9 thousand for the 37,69% of its established share capital. As a result, the company has become associate company of the Group.

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

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

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

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

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

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

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

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

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

On 2 May 2019, Piraeus Nedvizhimi Imoti EOOD, 100% subsidiary company of Piraeus Bank Bulgaria A.D, acquired from Piraeus Bank Bulgaria A.D, 99.98% held for sale company of Piraeus Bank, the 100.00% of Beta Asset Management EOOD, the 100.00% of Gama Asset Management EOOD, the 100.00% of Emerald Investments EOOD, the 100.00% of Asset Management Bulgaria EOOD, the 100.00% of Varna Asset Management EOOD, the 100.00% of Delta Asset Management EOOD and the 100.00% of Besticar Bulgaria EOOD. As a result the Group's percentage in all the above mentioned subsidiaries remained the same, 99.98%.

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

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

Piraeus - TANEO Capital Fund, 50.01% associate participation of Piraeus Bank, proceeded to the distribution of divestment proceeds amounted to € 4 million. As a result, Piraeus Bank received the amount of € 2 million, without altering its shareholding percentage.

On 10 July 2019, Piraeus Clean Energy Holdings Ltd, 100.00% subsidiary company of the Group, acquired the 17% of the 83.00% subsidiary company of the Group, Zibeno Investments Ltd, for the amount of € 10 thousand. As a result, the Group's shareholding percentage in the company Zibeno Investments Ltd increased to 100.00%.

On 17 July 2019, an increase of the share capital of Linklife Food & Entertainment Hall S.A., 100.00% subsidiary company of the Group was certified. The increase amounted to € 3 million and was fully recovered from its unique shareholder, PIcar S.A., without altering the Group's shareholding percentage.

On 7 August 2019, Trastor Real Estate Investment Company, 39.39% associate company of Piraeus Bank, certified the increase of its shareholding capital by € 23 million with cash payment. As a result, Piraeus Bank covered its ratio by paying in total € 9 million, without altering its shareholding percentage in the company.

On 9 September 2019, Piraeus Clean Energy Holdings Ltd, 100.00% subsidiary company of Piraeus Bank, fully covered with cash payment the € 50 thousand share capital increase of Zibeno Investments Ltd, 100.00% subsidiary company of the Group, without altering the Group's shareholding percentage.

On 25 September 2019, Piraeus - TANEO Capital Fund, 50.01% associate participation of Piraeus Bank, increased its assets by € 30 thousand. Piraeus Bank S.A. covered its ratio by paying in total € 15 thousand, without altering its shareholding percentage in the company.

During the third quarter of 2019, PJ Tech Catalyst Fund, 30.00% associate participation of the Group, increased its assets by € 281 thousand. As a result, Piraeus Equity Partners LTD, 100.00% subsidiary company of Piraeus Bank S.A., covered its ratio by paying in total € 84 thousand, without altering its shareholding percentage in the company.

c) Liquidation and disposal:

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

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

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

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

On 2 July 2019, Priam Business Consultancy SRL, 99.18% subsidiary company of the Group, was set under liquidation.

On 5 July 2019, Piraeus Real Estate Consultants SRL, 100.00% subsidiary company of the Group, was deleted from the relevant Company Registry.

26 Capital adequacy

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

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

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

Following the activation of the SSM on 4 November 2014, Group was placed under the direct supervision of the ECB.

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

According to the decision, Piraeus Bank has to maintain on a consolidated basis and on an individual basis an Overall Capital Requirement (OCR) of 14.00% (31 December 2018: 13.625%), which includes:

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

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

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

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

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

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

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

	30/9/2019	31/12/2018
Common Equity Tier 1 Capital (CET1)	6,553	6,489
Tier 1 Capital	6,553	6,489
Total regulatory capital	6,947	6,489
Total risk weighted assets (on and off- balance sheet items)	46,239	47,554
CET1 Capital ratio	14.17%	13.65%
T1 Capital ratio	14.17%	13.65%
Total Capital ratio	15.02%	13.65%

The Total Capital Adequacy Ratio for the Group as at 30 September 2019 stood at 15.02% (CET1 ratio 14.17%), fully covering the current OCR level. These ratios do not include the interim profit of 2019.

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

27 Restatements/ reclassifications of comparative period

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

For presentation purposes, the Group changed the classification of the customer loyalty cost from interest expenses and administrative expenses to commission expenses and the classification of costs inherent to credit cards (other than loyalty costs) from administrative costs to commission expenses.

Consolidated Interim Income Statement	9 month period ended 30/9/2018		
	Published amounts	Restatements	Restated amounts
Interest and similar income	1,411	-	1,411
Interest expense and similar charges	(366)	9	(357)
Net interest income	**1,045**	**9**	**1,054**
Fee and commission income	331	-	331
Fee and commission expense	(53)	(15)	(68)
Net fee and commission income	**278**	**(15)**	**263**
Dividend income	7	-	7
Net gain/ (losses) from financial instruments measured at fair value through profit or loss	39	-	39
Results from the disposal of participation of subsidiaries and associates	(19)	-	(19)
Net gain/ (losses) from financial instruments measured at fair value through other comprehensive income	12	-	12
Net other income/ (expenses)	49	-	49
Total net income	**1,412**	**(6)**	**1,405**
Staff costs	(502)	-	(502)
Administrative expenses	(317)	6	(311)
Depreciation and amortisation	(77)	-	(77)
Net gain/ (losses) from sale of property and equipment and intangible assets	(2)	-	(2)
Total operating expenses before provisions	**(898)**	**6**	**(892)**
Profit before provisions, impairment and income tax	**513**	**0**	**513**
ECL Impairment losses on loans and advances to customers at amortised cost	(394)	-	(394)
Impairment (losses)/ releases on other assets	(22)	-	(22)
ECL Impairment (losses)/ releases on financial assets at fair value through other comprehensive income	6	-	6
Impairment on associates	(50)	-	(50)
Impairment of property and equipment and intangible assets	(7)	-	(7)
Other impairment (losses)/ releases	0	-	0
Other provision releases/ (charges)	13	-	13
Share of profit/ (loss) of associates and joint ventures	(13)	-	(13)
Profit/ (loss) before income tax	**46**	**0**	**46**
Income tax benefit/ (expense)	(10)	-	(10)
Profit/ (loss) for the period from continuing operations	**35**	**0**	**35**
Profit/ (loss) after income tax from discontinued operations	(339)	-	(339)
Profit/ (loss) for the period	**(304)**	**0**	**(304)**
From continuing operations			
Profit/ (loss) attributable to equity holders of the Bank	40	-	40
Non controlling interest	(4)	-	(4)
From discontinued operations			
Profit/ (loss) attributable to equity holders of the Bank	(339)	-	(339)
Non controlling interest	(1)	-	(1)
Earnings/ (losses) per share attributable to equity holders of the Bank (in €):			
From continuing operations			
- Basic	0.09	-	0.09
- Diluted	0.05	-	0.05
From discontinued operations			
- Basic	(0.78)	-	(0.78)
- Diluted	(0.41)	-	(0.41)

Consolidated Interim Income Statement	3 month period ended 30/9/2018		
	Published amounts	Restatements	Restated amounts
Interest and similar income	457	-	457
Interest expense and similar charges	(111)	3	(108)
Net interest income	**346**	**3**	**349**
Fee and commission income	151	-	151
Fee and commission expense	(21)	(5)	(27)
Net fee and commission income	**130**	**(5)**	**124**
Dividend income	0	-	0
Net gain/ (losses) from financial instruments measured at fair value through profit or loss	15	-	15
Results from the disposal of participation of subsidiaries and associates	0	-	0
Net gain/ (losses) from financial instruments measured at fair value through other comprehensive income	(5)	-	(5)
Net other income/ (expenses)	15	-	15
Total net income	**501**	**(2)**	**499**
Staff costs	(117)	-	(117)
Administrative expenses	(106)	2	(103)
Depreciation and amortisation	(26)	-	(26)
Net gain/ (losses) from sale of property and equipment and intangible assets	0	-	0
Total operating expenses before provisions	**(249)**	**2**	**(246)**
Profit before provisions, impairment and income tax	**253**	**0**	**253**
ECL Impairment losses on loans and advances to customers at amortised cost	(149)	-	(149)
Impairment (losses)/ releases on other assets	(2)	-	(2)
ECL Impairment (losses)/ releases on financial assets at fair value through other comprehensive income	(1)	-	(1)
Impairment on associates	0	-	0
Impairment of property and equipment and intangible assets	(3)	-	(3)
Other impairment (losses)/ releases	(0)	-	(0)
Other provision releases/ (charges)	1	-	1
Share of profit/ (loss) of associates and joint ventures	11	-	11
Profit/ (loss) before income tax	**110**	**0**	**110**
Income tax benefit/ (expense)	(17)	-	(17)
Profit/ (loss) for the period from continuing operations	**93**	**0**	**93**
Profit/ (loss) after income tax from discontinued operations	(27)	-	(27)
Profit/ (loss) for the period	**67**	**0**	**67**
From continuing operations			
Profit/ (loss) attributable to equity holders of the Bank	94	-	94
Non controlling interest	(1)	-	(1)
From discontinued operations			
Profit/ (loss) attributable to equity holders of the Bank	(27)	-	(27)
Non controlling interest	0	-	0
Earnings/ (losses) per share attributable to equity holders of the Bank (in €):			
From continuing operations			
- Basic	0.22	-	0.22
- Diluted	0.11	-	0.11
From discontinued operations			
- Basic	(0.06)	-	(0.06)
- Diluted	(0.03)	-	(0.03)

28 IFRS 16 "Leases" First Time Adoption Transitional Disclosures

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

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

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

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

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

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

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

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

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

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

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

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

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

- Indefinite contract duration as Management concluded that for these contracts there are no enforceable rights and obligations and therefore they do not meet the definition of a leasing contract as provided by IFRS 16;
- Leasing contracts of discontinued operations;
- Intangibles as these are covered by IAS 38 “Intangible assets”; and
- Insurance costs, value added tax (VAT) and stamp duties.

The Group’s lease portfolio

Leases in which the Group is a lessee

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

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

Contracts with indefinite duration are not in the scope of IFRS 16, as mentioned above. Therefore, 389 contracts of unlimited lease term (out of a total 1,373 contracts of the Group), with an annual rental expense of €6 million, have been excluded from the scope of IFRS 16 as they do not meet the definition of a leasing contract according to the IFRS 16.

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

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

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

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

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

Leases in which the Group is a lessor

Investment property

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

Sale – and – leaseback

The Group's sale – and – lease back properties have been contracted within the normal course of business of the Group's leasing companies.

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

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

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

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

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

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

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

29 Events Subsequent to the End of the Reporting Period

- On 3 October 2019, the holders of Piraeus Bank's Residential Mortgage Backed Securitization, Estia Mortgage Finance II Plc (Estia II), were notified for the Issuer's intention to exercise its right of early redemption for the total remaining part of the Notes, amounting to € 527.6 million. The largest part of the Securitization was retained by the Bank, whereas the remaining € 28.3 million were held by investors. The Issuer will redeem the Notes at their respective principal amount outstanding plus accrued interest on the next interest payment date, on 27 November 2019 (please refer to Note 18).

- On 10 October 2019, the European Commission concluded that within the framework of the Hellenic Asset Protection Scheme aimed at supporting the reduction of Greek banks non-performing loans – known by the name "Hercules" – the Greek State will be remunerated in line with market conditions for the risk it will assume in granting guarantees on securitized non-performing loans, and therefore such interventions do not constitute State Aid. Piraeus Bank will assess when and how the Hellenic Asset Protection Scheme will be facilitated in its Non Performing Exposures (NPE) reduction strategy once it's voted legislation by the Greek Parliament (expected by year-end 2019).

- On 23 October 2019, the strategic agreement with Intrum regarding the establishment of a credit management servicer in Greece was concluded. An 80% shareholding plus one share of the share capital of each of the new servicer company and the REO company – established on 16 September 2019 and 6 September 2019 respectively – was transferred to Intrum, while Piraeus Bank retained a 20% shareholding less one share. Following the conclusion of the transaction, the Bank exercises significant influence over both companies which will be accounted for as associates and consolidated in the Group's financial statements with the equity accounting method.

- On 28 October 2019, the Notes of the Estia Mortgage Finance I Plc Securitization (Estia I) were redeemed early on their interest payment date, at their respective principal amount outstanding plus accrued interest, for the total remaining amount of € 82.9 million – out of which the largest part was retained by the Bank, whereas € 9.6 million were held by investors (please refer to Note 18).

- On 31 October 2019, Piraeus Group Finance (the Issuer) and Piraeus Bank S.A. (the Guarantor) gave notice to the holders of the € 400 million Fixed Rate Subordinated Notes due 26 June 2029 (ISIN: XS2018638648) that from the date hereof the Guarantor will be substituted in place of the Issuer as issuer and principal debtor in respect of the Notes (please refer to Note 19).

- On 8 November 2019, S&P Global affirmed its 'B-' long term rating on Piraeus Bank, while revising the outlook to positive from stable. The positive outlook primarily reflects the improving economic and operating environment in Greece likely supporting the Bank's plan to de-risk its balance sheet, increase efficiency and profitability and preserve its solvency.

Athens, 21 November 2019

CHAIRMAN OF THE BOARD OF DIRECTORS	MANAGING DIRECTOR	GROUP CHIEF FINANCIAL OFFICER	CHIEF FINANCIAL OFFICER
GEORGE P. HANDJINICOLAOU	CHRISTOS I. MEGALOU	THEODOROS CH. GNARDELLIS	KONSTANTINOS S. PASCHALIS
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