

PIRAEUS BANK



PIRAEUS BANK GROUP

Consolidated Interim Financial Information

31 March 2019

The attached Consolidated Interim Financial Information has been approved by Piraeus Bank S.A. Board of Directors on 31 May 2019 and it is available on the web site of Piraeus Bank at www.piraeusbankgroup.com.

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

Consolidated Interim Financial Information

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	Note	Period ended	
		31/3/2019	31/3/2018
Interest and similar income		466	477
Interest expense and similar charges		(106)	(124)
NET INTEREST INCOME		360	353
Fee and commission income	6	88	88
Fee and commission expense	6	(19)	(19)
NET FEE AND COMMISSION INCOME		69	69
Dividend income		0	0
Net gain/ (losses) from financial instruments measured at fair value through profit or loss		4	(2)
Results from the disposal of participation of subsidiaries and associates		0	4
Net gain/ (losses) from financial instruments measured at fair value through other comprehensive income		1	11
Net other income/ (expenses)		10	12
TOTAL NET INCOME		445	448
Staff costs		(120)	(259)
Administrative expenses		(80)	(97)
Depreciation and amortisation		(30)	(27)
Net gain/ (losses) from sale of property and equipment and intangible assets		(0)	0
TOTAL OPERATING EXPENSES BEFORE PROVISIONS		(231)	(383)
PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX		214	64
ECL Impairment losses on loans and advances to customers at amortised cost	12	(186)	(163)
Impairment losses on other assets		(2)	(11)
ECL Impairment (losses)/ releases on financial assets at fair value through other comprehensive income		9	15
Impairment on investment securities and participations		-	(18)
Impairment of property and equipment and intangible assets		(1)	(1)
Other impairment losses		(0)	0
Other provision releases/ (charges)		(1)	6
Share of profit/ (loss) of associates and joint ventures		(10)	(8)
PROFIT/ (LOSS) BEFORE INCOME TAX		23	(115)
Income tax benefit/ (expense)	8	(9)	35
PROFIT/ (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		14	(80)
Profit/ (loss) after income tax from discontinued operations	7	5	(3)
PROFIT/ (LOSS) FOR THE PERIOD		19	(83)
From continuing operations			
Profit/ (loss) attributable to equity holders of the Bank		14	(79)
Non controlling interest		(0)	(1)
From discontinued operations			
Profit/ (loss) attributable to equity holders of the Bank		5	(3)
Non controlling interest		0	(0)
Earnings/ (losses) per share attributable to equity holders of the Bank (in €):			
From continuing operations			
- Basic	10	0.0314	(0.1799)
- Diluted	10	0.0165	(0.0945)
From discontinued operations			
- Basic	10	0.0123	(0.0071)
- Diluted	10	0.0065	(0.0037)

	Note	Period ended	
		31/3/2019	31/3/2018
CONTINUING OPERATIONS			
Profit/ (loss) for the period (A)		14	(80)
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	11	16	(33)
Change in currency translation reserve	11	3	1
Items that will not be reclassified subsequently to profit or loss			
Change in reserve from financial assets measured at FVTOCI	11	17	3
Change in reserve of defined benefit obligations	11, 20	0	(1)
Other comprehensive income/ (expense), net of tax (B)	11	36	(28)
Total comprehensive income/ (expense), net of tax (A)+(B)		50	(108)
- Attributable to equity shareholders of the parent entity		50	(107)
- Non controlling interest		(0)	(2)
DISCONTINUED OPERATIONS			
Profit/ (loss) for the period (C)		5	(3)
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	11	(4)	0
Change in currency translation reserve	11	(4)	1
Items that will not be reclassified subsequently to profit loss			
Change in reserve from financial assets measured at FVTOCI	11	0	0
Change in reserve of defined benefit obligations	11	-	0
Other comprehensive income/ (expense), net of tax (D)	11	(7)	2
Total comprehensive income/ (expense), net of tax (C)+(D)		(2)	(1)
- Attributable to equity shareholders of the parent entity		(2)	(1)
- Non controlling interest		0	0

	Note	31/3/2019	31/12/2018
ASSETS			
Cash and balances with Central Banks		1,529	2,572
Loans and advances to credit institutions		1,250	1,120
Financial assets at fair value through profit or loss		175	382
Financial assets mandatorily at fair value through profit or loss		116	110
Derivative financial instruments - assets		459	378
Reverse repos with customers		43	103
Loans and advances to customers at amortised cost	12	38,481	39,757
Loans and advances to customers mandatorily at FVTPL	12	81	84
Financial assets at fair value through other comprehensive income		2,057	2,270
Debt securities at amortised cost		802	208
Assets held for sale		291	307
Investment property		1,085	1,079
Investments in associated undertakings and joint ventures	13	164	162
Property and equipment		1,100	1,010
Intangible assets		297	292
Current tax assets	9	205	221
Deferred tax assets		6,624	6,647
Other assets		3,272	3,458
Assets from discontinued operations	7	1,225	1,721
TOTAL ASSETS		59,254	61,880
LIABILITIES			
Due to credit institutions	14	4,315	5,548
Due to customers	15	43,838	44,739
Liabilities at fair value through profit or loss		72	62
Derivative financial instruments - liabilities		493	413
Debt securities in issue	16	528	528
Current income tax liabilities		4	2
Deferred tax liabilities		33	32
Retirement benefit obligations		137	192
Other provisions		168	168
Other liabilities	17	834	885
Liabilities from discontinued operations	7	1,271	1,804
TOTAL LIABILITIES		51,693	54,374
EQUITY			
Share capital (ordinary shares)	19	2,620	2,620
Share premium	19	13,075	13,075
Contingent convertible securities	19	2,040	2,040
Less: Treasury shares	19	(1)	(1)
Other reserves	20	183	155
Retained earnings	20	(10,471)	(10,499)
Capital and reserves attributable to equity holders of the parent entity		7,446	7,390
Non controlling interest		115	116
TOTAL EQUITY		7,562	7,506
TOTAL LIABILITIES AND EQUITY		59,254	61,880

	Note	Attributable to equity shareholders of the parent entity						Total	Non controlling interest	Total
		Share Capital	Share Premium	Contingent Convertible securities	Treasury shares	Other reserves	Retained earnings			
Opening balance as at 1/1/2018 based on final IFRS 9 FTA	24	2,620	13,075	2,040	(0)	51	(10,308)	7,477	126	7,602
Other comprehensive income, net of tax	11	-	-	-	-	(27)	-	(27)	(0)	(27)
Profit/ (loss) after tax for the period 1/1 - 31/3/2018	20	-	-	-	-	-	(82)	(82)	(1)	(83)
Total comprehensive income/ (expense) for the period 1/1 - 31/3/2018		0	0	0	0	(27)	(82)	(108)	(1)	(110)
(Purchases)/ sales of treasury shares	19, 20	-	-	-	(0)	-	0	(0)	-	(0)
Transfer between other reserves and retained earnings	20	-	-	-	-	(0)	0	-	-	0
Disposals and movements in participating interests	20	-	-	-	-	(3)	4	1	-	1
Balance as at 31/3/2018	24	2,620	13,075	2,040	(1)	21	(10,386)	7,369	124	7,493
Opening balance as at 1/4/2018		2,620	13,075	2,040	(1)	21	(10,386)	7,369	124	7,493
Other comprehensive income, net of tax	11	-	-	-	-	154	-	154	(0)	154
Profit/ (loss) after tax for the period 1/4-31/12/2018	20	-	-	-	-	-	(77)	(77)	(11)	(87)
Total comprehensive income/ (expense) for the period 1/4-31/12/2018		0	0	0	0	154	(77)	77	(11)	66
(Purchases)/ sales of treasury shares	19, 20	-	-	-	0	-	(1)	(0)	-	(0)
Transfer between other reserves and retained earnings	20	-	-	-	-	(11)	11	-	-	0
Recycling of the accumulated reserve from financial assets measured at FVTOCI		-	-	-	-	-	(32)	(32)	-	(32)
Disposals and movements in participating interests	20	-	-	-	-	(9)	(15)	(23)	2	(21)
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	11, 20	-	-	-	-	29	-	29	0	29
Profit/ (loss) after tax for the period 1/1 - 31/3/2019	20	-	-	-	-	-	19	19	(0)	19
Total comprehensive income/ (expense) for the period 1/1 - 31/3/2019		0	0	0	0	29	19	48	(0)	48
(Purchases)/ sales of treasury shares	19, 20	-	-	-	(0)	-	(0)	(0)	-	(0)
Transfer between other reserves and retained earnings	20	-	-	-	-	2	(2)	-	-	0
Disposals and movements in participating interests	20	-	-	-	-	(3)	11	9	(1)	8
Balance as at 31/3/2019		2,620	13,075	2,040	(1)	183	(10,470)	7,446	115	7,562

Consolidated Interim Cash Flow Statement
for the period ended 31/3/2019

Piraeus Bank Group – 31/3/2019
Amounts in million euros (Unless otherwise stated)

	Period ended	
	31/3/2019	31/3/2018
<i>Cash flows from operating activities from continuing operations</i>		
Profit/ (Loss) before tax	23	(115)
Adjustments to profit/ loss before tax:		
Add: provisions and impairment	181	171
Add: depreciation and amortisation charge	30	27
Add: retirement benefits and cost of voluntary exit scheme	2	135
Net gain/(losses) from financial instruments measured at fair value through P&L	4	23
Net gain/(losses) from financial instruments measured at fair value through other comprehensive income	(1)	(11)
(Gains)/ losses from investing activities	10	4
<i>Cash flows from operating activities before changes in operating assets and liabilities</i>	<u>249</u>	<u>235</u>
<i>Changes in operating assets and liabilities:</i>		
Net (increase)/ decrease in cash and balances with Central Banks	(437)	(42)
Net (increase)/ decrease in financial instruments at fair value through profit or loss	205	(251)
Net (increase)/ decrease in financial assets mandatorily at fair value through profit or loss	(0)	(0)
Net (increase)/ decrease in debt securities at amortised cost	(595)	-
Net (increase)/ decrease in loans and advances to credit institutions	(70)	170
Net (increase)/ decrease in loans and advances to customers	1,110	1,702
Net (increase)/ decrease in reverse repos with customers	60	23
Net (increase)/ decrease in other assets	181	(295)
Net increase/ (decrease) in amounts due to credit institutions	(1,319)	(2,587)
Net increase/ (decrease) in liabilities at fair value through profit or loss	9	133
Net increase/ (decrease) in amounts due to customers	(900)	506
Net increase/ (decrease) in other liabilities	(226)	(56)
<i>Net cash flow from operating activities before income tax payment</i>	<u>(1,734)</u>	<u>(461)</u>
Income tax paid	(0)	(0)
Net cash inflow/ (outflow) from continuing operating activities	<u>(1,734)</u>	<u>(461)</u>
<i>Cash flows from investing activities of continuing operations</i>		
Purchases of property and equipment	(26)	(51)
Sales of property and equipment and intangible assets	1	4
Purchases of intangible assets	(2)	(4)
Sales of loan portfolio	12	-
Purchases of financial assets at fair value through other comprehensive income	(422)	(173)
Disposals of financial assets at fair value through other comprehensive income	583	491
Sales of subsidiaries excluding cash and balances sold	56	82
Establishments and participation in share capital increases of associates and joint ventures	(1)	-
Dividends received	0	0
Net cash inflow/ (outflow) from continuing investing activities	<u>203</u>	<u>349</u>
<i>Cash flows from financing activities of continuing operations</i>		
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds	(1)	(7)
Purchases/ sales of treasury shares and preemption rights	(0)	(0)
Net cash inflow/ (outflow) from continuing financing activities	<u>(1)</u>	<u>(7)</u>
Effect of exchange rate changes on cash and cash equivalents	4	(10)
Net increase/ (decrease) in cash and cash equivalents from continuing activities (A)	<u>(1,528)</u>	<u>(129)</u>
Net cash flows from discontinued operating activities	2	94
Net cash flows from discontinued investing activities	(87)	(74)
Net cash flows from discontinued financing activities	-	-
Exchange difference of cash and cash equivalents	(0)	(1)
Net increase/ (decrease) in cash and cash equivalents from discontinued activities (B)	<u>(85)</u>	<u>19</u>
Cash and cash equivalents at the beginning of the period (C)	<u>3,351</u>	<u>4,188</u>
Cash and cash equivalents at the end of the period (A) + (B) + (C)	<u>1,739</u>	<u>4,078</u>

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. According to its Articles of Association, the Bank’s business scope is all banking activities recognised or to be recognised by law.

It is noted that the L.4548/2018 for the Reform of the Law of Societes Anonymes came into force as of 1/1/2019, which in combination with the Greek Law 4601/2019 for Corporate Transformations replace the previously in force Greek Codified Corporate Law 2190/1920 for societe anonymes. The new L.4548/2018 incorporates into Greek law, inter alia, the provisions of the SRD II Directive for the remunerations of the members of the Board of Directors (rule say on pay), as well as the transactions with related parties, while it takes into consideration the “collective accounts” through which securities are held. The modifications in the legal framework governing the formation and operation of societes anonymes resulting from the implementation of the new law mainly concern the following sections:

- Incorporation of societe anonyme (legal formation documents, composition of name, corporate documents)
- Share capital (valuation in contribution in kind, minimum share capital required for company’s formation, certification of payment of initial share capital or share capital increase)
- Securities issued by societe anonymes
- Board of Directors (composition and operation, responsibilities, faulty decisions, remuneration policy, remuneration report)
- Related party transactions
- General Assembly Meeting (types of General Assembly Meetings, terms of participation, decision – making rules)
- Minority rights (establishment of shareholders associations)
- Distribution of profits (distribution of minimum or interim dividend and special reserve)

Considering the fact that the basic characteristics, the structure as well as the general operating principles of a societe anonyme have not altered despite the various above legislative changes occurred, the impact from the implementation of the new legal framework is not estimated to be material for the Bank and the Group.

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. Piraeus Bank and its subsidiaries (hereinafter “the Group” as a whole) provide services in Southeastern and Western Europe. The Group employs, as of 31/3/2019, in total 14,507 people out of which 1,926 people refer to discontinued operations (IMITHEA S.A. and Piraeus Bank Bulgaria A.D.).

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

The composition of the Board of Directors on the approval date of Consolidated Interim Financial Information for the Q1 2019 is as follows:

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

According to the Bank's Codified Articles of Association and the current institutional framework, the members of the Bank's Board of Directors are elected by the General Meeting of Shareholders and are always 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) is taking part in the Board of Directors. Furthermore, in case of replacement of a member of the Board of Directors, according to the Bank's Codified Articles of Association, the respective replacement applies for the remaining term of the member being replaced. Pursuant the Annual General Shareholders' Meeting Resolution as of 28/6/2017, the term of the Board of Directors expires on 28/6/2020, extended as above mentioned.

2 Summary of significant accounting policies

As permitted by the transition provisions of IFRS 16 "Leases", the Group has selected not to restate the comparative period information and the respective accounting policy as set out in Note 2 of the Financial Statements for the year ended 31 December 2018 applies to comparative periods.

2.1 Basis of preparation

The Consolidated Interim Financial Information for Q1 2019 (the "Interim Financial Information") has been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting".

The Interim Financial Information includes selected explanatory notes, and does not include all the information required for full annual financial statements. Therefore, the Interim Financial Information 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 Standard ("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 new and amended standards as set out below.

The amounts are stated in million Euros, rounded to the nearest thousand (unless otherwise stated). Any differences, between the amounts presented in the primary statements and the relevant amounts presented in the notes, are due to roundings. Where necessary, comparative figures have been adjusted to conform to changes in the presentation in the current period. The adjustments made are not considered to have any material impact on the presentation of the primary statements, as presented in Note 24 of the Interim Financial Information.

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

The preparation of the Interim Financial Information in conformity with IFRSs requires the use of critical accounting estimates and judgements that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Use of available information and application of judgment are inherent in the formation of estimates in the following areas: measurement uncertainty in determination of ECL estimates, fair value of loans and advances to customers mandatorily at FVTPL, fair value of financial assets measured at FVTPL, fair value of over the counter derivative instruments, recoverability of deferred tax assets (“DTA”), impairment of investments in subsidiaries, associates and joint ventures, fair value of investment property, Incremental Borrowing Rate and other receivables from the Greek public sector.

The areas involving a higher degree of judgement or complexity, or areas where critical accounting estimates and judgements are significant to the Interim Financial Information are disclosed in Note 3.

2.2 Going concern

Conclusion

Management has concluded that the Interim Financial Information of the Group has been appropriately prepared on a going concern basis as of 31/3/2019 taking into account:

- a) the significant positive developments that have taken place in the Greek economy during the last years and the estimates that point to the macroeconomic environment maintaining its growth momentum,
- b) the Group’s improving liquidity position, including zero reliance on Emergency Liquidity Assistance “ELA” since July 2018, and diversified sources of funding,
- c) the upward trend in the Group’s profitability from continuing operations and
- d) the Group’s capital adequacy, in conjunction with the currently implementing Capital Strengthening Plan.

Macroeconomic environment

The beginning of 2019, signals a continuous growth trajectory of the Greek economy. Significant developments in 2018 consist the base of the improvement of economic sentiment, of fiscal stability and of a two-year growth momentum. Greece’s economic recovery is expected to accelerate, although it is still subject to the ongoing economic and fiscal commitments under the Enhanced Surveillance framework.

In August 2018, the Enhanced Surveillance framework was activated as Greece concluded the 3-years ESM's economic adjustment program. In the context of this framework, two reviews in November 2018 and in February 2019 were completed successfully, after Greece's compliance with the agreed reform measures and policy commitments during the post-programme surveillance period.

At the same time, in April 2019, the further debt relief measures originally announced in June 2018 were finally enforced. More specifically, a further deferral of EFSF interest and amortisation by 10 years on € 96.4 billion of EFSF loans to Greece was enforced. Debt repayment schedule now stretches all way to 2070 and € 61.8 billion are transferred from 2023-2056, after 2057. Also, the extension of the maximum weighted average maturity on the above-mentioned portion of EFSF loans is by 32.5 years to 42.5 years. In parallel, the use of ANFA and SMP profits, as long as, the abolition of the step-up interest rate margin related to EFSF loans were enforced and a total grant of € 970 million was approved. Moreover, in April, the Greek Ministry of Finance has requested for an early IMF loans repayment. This consists of a circa € 3.7 billion expected to mature until 2020, out of a total € 9.2 billion loan pending to mature until 2024.

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, Moody's, S&P and Fitch had gradually upgraded the Greek sovereign rating on B3, B+ and BB- respectively, with positive Outlook (only Fitch kept outlook stable). At the beginning of 2019, both S&P and Fitch affirmed the existing ratings and outlook while Moody's upgraded Greece's rating to B1 from B3, changing the outlook to stable from positive. Finally, in January 2019, Greece returned to the markets with a € 2.5 billion five-year bond with a 3.6% yield and in March 2019 issued a € 2.5 billion ten-year bond with a 3.9% yield, reflecting a solid environment, a necessary condition for the Greek economy to stay on a sustainable growth path.

During 2018, the Greek economy maintained its macroeconomic momentum. At the same time, the steady improvement in the economic sentiment both in the business and consumers environment especially in the first nine months of 2018, drove the economic sentiment indicator (ESI) to 102.1 points (2018 average), the highest level compared to the last decade. The economic sentiment indicator is still in high levels (more than 100 points) during the Jan.-Apr. 2019 period. Real Gross Domestic Product "GDP" sustaining the growth momentum of 2017 (+1.5%), increased by 1.9% in 2018. Moreover, the unemployment rate fell to 19.3% in 2018 against 21.5% in 2017, with a 2.0% increase in employment on an annual basis. Moreover, in 2018 there was an 0.6% inflation (2017: 1.1%) and 0.7% respectively in the first quarter of 2019, incorporating partially the energy prices changes. Furthermore, in 2018, the tourism sector continued its positive momentum, as travel receipts increased by 10.1% and inbound traveler flows by 10.8% on an annual basis, whereas during Jan. - Feb. 2019 there is a 44.1% and a 7.0% annual increase in travel receipts and inbound traveler flows respectively. 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, according to the execution of the state budget on a modified cash basis, the state budget balance for 2018 presented a deficit of € 2.3 billion against the target of a € 1.9 billion deficit. The general government surplus for 2018 is estimated at 1.1% of GDP and the primary surplus at 4.46% of GDP (excluding the impact of the support to the financial institutions). According to the Enhanced Surveillance definition the primary surplus is expected to over perform the target set for a fourth consecutive year. The economic and political situation in Greece remains the prime risk factor for the domestic banking sector in general and for Piraeus Bank in particular, while geopolitical developments in the wider region are an additional risk factor. To this end, adverse developments regarding the implementation of the country's annual budget and its Medium Term Fiscal Strategy would potentially have a negative effect on the Bank's liquidity (i.e. stop attracting or losing deposits, reducing repo interbank transactions with third parties) and on the Bank's capital adequacy (i.e. impact on the quality of its loan portfolio and its profitability). Management closely monitors the developments and assesses periodically the impact that this might have on its operations and financial performance.

Liquidity

As at 31/3/2019 domestic market deposits (private and public sector) decreased to € 150.6 billion (or by 1.2%), from € 152.4 billion as at 31/12/2018. The exposure of all Greek banks in the Euro system continued to reduce during the first quarter of 2019 from € 11.1 billion as at 31/12/2018 to € 8.4 billion as at 31/3/2019. Funding by the ELA (the provision of liquidity support by the ELA is granted to adequately capitalized credit institutions that have acceptable assets as collateral, and is assessed on a regular basis by the ECB) was fully eliminated as at 31/3/2019 from € 0.9 billion as at 31/12/2018. Consequently, the full amount of € 8.4 billion exposure, was covered from ECB's Main Refinancing Operations ("MRO") and ECB's Targeted Longer-Term Refinancing Operations II ("TLTRO II").

As at 31/3/2019 Piraeus Group deposits reduced to € 43.9 billion from € 44.5 billion as at 31/12/2018 (-1.4%) mainly due to seasonality during the first quarter of each year. During the first quarter of 2019, the Group and the Bank's exposure to the Eurosystem reduced to € 1.7 billion as at 31/3/2019 from € 3.3 billion as at 31/12/2018 due to the further deleveraging of the loan portfolio of the Bank and seasonal factors. Piraeus Bank's financing through the ELA was eliminated during July 2018 and remained nil as at 31/3/2019. Following the assignment on 31/8/2018 of an investment grade credit rating to the Bank's € 10 billion Global Covered Bonds Program by DBRS –under which there are currently five outstanding series worth € 4.5 billion– part of these are utilised as collateral to ECB's main refinancing operations, with significantly lower funding cost versus repo market.

In its March 2019 meeting, ECB announced a new series of seven quarterly TLTRO III auctions from September 2019 to March 2021, each with a maturity of two years. Piraeus Bank is awaiting the terms of the new funding facility in order to access and possibly decide its participation in due course.

Capital adequacy

The Group's Basel III total capital adequacy ratio as at 31/3/2019 stood at 13.5%, as did the Group's Common Equity Tier 1 (CET-1) ratio. The Overall Capital Requirement ("OCR") ratio stands at 14.0% in 2019, as set by SSM through the Supervisory Review and Evaluation Process ("SREP"). The Group's Basel III pro-forma total capital adequacy ratio after incorporating the positive effect of € 0.8 billion risk weighted assets (RWA) release from selling the subsidiary financial institution in Bulgaria and the profit for the period of Q1.2019, is standing at 13.7%. This sale is expected to be completed during the Q2.2019.

Management is executing its capital-strengthening plan to restore the Group's capital adequacy ratio above the applicable capital requirements and to accelerate its balance sheet de-risking process and its NPE deleveraging strategy. Further to organic capital generation budgeted for year 2019 and the scheduled Tier II debt issuance, for which the Bank is in a ready-to-go status within a gradually improving market sentiment, Piraeus Bank's management is working on a number of additional non-dilutive initiatives to strengthen capital position, creating buffers above supervisory requirements.

Please refer to Note 23 for further details on the Group's capital adequacy.

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

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

New Accounting Standards

IFRS 16 “Leases” (effective for annual periods beginning on or after 1/1/2019). IFRS 16 has been issued in January 2016 and supersedes IAS 17 “Leases”. 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 recognizing the right-of-use of leased assets and financial lease liabilities for all leases with a lease term of more 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 restoring asset and any payments less incentives before 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 lease payments payable at that date.

The Group has adopted IFRS 16 “Leases”, which replaces IAS 17 “Leases”, retrospectively without restating the relevant comparatives in compliance with 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 period 1/1-31/3/2019. Relevant to the transition disclosures on IFRS 16 is Note 25.

Amendments and interpretations

IFRS 9 (Amendments) “Prepayment Features with Negative Compensation” (effective for annual periods beginning on or after 1/1/2019). The amendment allows companies to measure symmetrical options which include prepayable features with negative compensation at amortised cost or at fair value through other comprehensive income instead of at fair value through profit or loss.

IFRIC 23 “Uncertainty over Income Tax Treatments” (effective for annual periods beginning on or after 1/1/2019). The interpretation aims to reduce diversity in how companies recognise and measure a tax liability or a tax asset when there is uncertainty over income tax treatments regarding the determination of taxable profit (or tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

IAS 28 (Amendments) “Long-term interests in Associates and Joint Ventures” (effective for annual periods beginning on or after 1/1/2019). 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 (Amendments) “Employee benefits” (effective for annual periods beginning on or after 1/1/2019). 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 (effective for annual periods beginning on or after 1/1/2019). 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” (effective for annual periods beginning on or after 1/1/2019). 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” (effective for annual periods beginning on or after 1/1/2019). The amendment clarifies that all income tax consequences on dividends (i.e. distribution of profits) should be recognized where the transactions or events that generated distributable profits are recognized.

IAS 23 (Amendment) “Borrowing costs” (effective for annual periods beginning on or after 1/1/2019). 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 above amendments and interpretations have no significant impact on the Interim Financial Information.

2.4 Amendment to accounting policy due to IFRS 16 implementation

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees and it removes the distinction between operating and finance 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 standard “Leases” – i.e. lessors continue to classify leases as finance or operating leases in their financial statements.

IFRS 16 replaces leases guidance, including IAS 17, 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” and sets out the principles for the recognition, measurement, presentation and disclosure of leases.

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 new definition in IFRS 16 does not change significantly the scope of contracts that meet the definition of a lease for the Group.

Under IFRS 16, the Group recognises new assets (Right of Use - RoU) and lease liabilities for all its lease contracts that fulfil the definition of a lease. These 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 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. It should be noted that this practical expedient did not apply for leases assessed in the transition period.

In addition, under IFRS 16 Management will test RoU assets for impairment in accordance with IAS 36 “Impairment of Assets”.

Accounting policies relating to:

- a) the finance leases in which the Group is a lessee and
b) the leases in which the Group is a lessor

remain mainly the same.

3 Critical accounting estimates and judgements in the application of the accounting policies

The preparation of Interim Financial Information requires Management to make critical accounting estimates and judgments, by applying the accounting policies that affect the reported amounts of assets and liabilities, income and expenses. The key sources of estimation uncertainty were similar to those applied to the Annual Financial Statements as at and for the year ended 31 December 2018. Actual results may differ from these estimates.

The most important areas where Management uses critical accounting estimates and judgements in applying its accounting policies are as follows:

Measurement uncertainty in determination of ECL estimates

The ECL measurement requires Management to apply a high degree of judgment in determining the allowance for impairment losses and for the assessment of the significant increase in credit risk (“SICR”). These estimates are driven by a number of factors, which can result in changes to the timing and amount of allowance for impairment loss to be recognized.

The Group’s estimated ECL are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Management makes critical accounting estimates and judgments to the following elements of the ECL models:

Determination of a significant increase of credit risk

IFRS 9 does not include a definition of what constitutes a SICR. An assessment of whether credit risk has increased significantly since the initial recognition of a financial instrument is performed at each reporting period by considering primarily the change in the risk of default occurring over the remaining life of the financial instrument. The Group assesses whether a SICR has occurred since initial recognition based on qualitative and quantitative, reasonable and supportable forward-looking information that includes a degree of Management judgment.

Determination of scenarios, scenario weights and macroeconomic factors

To achieve the objective of measuring ECL, the Group evaluates a range of possible outcomes in line with the requirements of IFRS 9 through the application of three macroeconomic scenarios i.e. baseline, adverse and optimistic, in a way that reflects an unbiased and probability weighted outcome. Each of the aforementioned scenarios, are based on Management's assumptions for future economic conditions in the form of macroeconomic, market and other factors. Changes in the scenarios and weights, the corresponding set of macroeconomic variables and the assumptions made around those variables would have an effect on the ECL.

Development of ECL models, including the various formulas, choice of inputs and interdependencies

The ECL calculations are based on input parameters, i.e. Exposure At Default ("EAD"), Probability of Default ("PDs"), Loss Given Default ("LGDs"), Credit Conversion Factor ("CCFs"), etc. incorporating Management's view of the future. The Group determines a) the links between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values, and b) the effect on risk parameters. The forecasting of the risk parameters models incorporate a number of explanatory variables, such as GDP, unemployment etc. which are used as independent variables for optimum predictive capability.

Segmentation of financial assets when their ECL is assessed on a collective basis

The Bank segments exposures on the basis of shared credit risk characteristics for the purposes of both assessing significant increase in credit risk and measuring loan loss allowance on a collective basis. The different segments aim to capture differences in PDs and in the rates of recovery in the event of default. All grouping of exposures are reviewed on a quarterly basis, in order to ensure that the groups remain homogeneous in terms of their response to the identified shared credit risk characteristics.

Modeling and Management overlays/ adjustments

A number of complex models have been developed or modified to calculate ECL, while temporary Management adjustments may be required to capture new developments and information available, which are not yet reflected in the ECL calculation through the risk models. Internal counterparty rating changes, new or revised models and data may significantly affect ECL. The models are governed by the Group's Model Management and Governance Framework.

Independent Validation Unit

The Bank, acknowledging the need to independently validate the credit risk models used in the ECL measurement, has decided to delegate their validation to competent resources within the Group Risk Management Unit, which is independent of the model development process. The Model Validation Unit ("MVU") reports directly to the Chief Risk Officer ("CRO"). The Group has developed and implemented, within 2018, a Model Validation Framework ("MVF"), consisting of Policy, Methodologies

and technical specifications, regarding the credit risk models and in particular, the IFRS 9 models (PD, LGD and EAD models as well as the SICR criteria).

The Model Validation Unit performs both initial (for new credit risk models) and periodic (for existing ones) model validations, applying qualitative (indicatively for model inputs, design and methodologies) and quantitative assessments (indicatively model discriminatory power, accuracy and stability) applying the aforementioned framework.

Fair value of loans and advances to customers mandatorily at Fair Value through Profit or Loss (“FVTPL”)

Loans and advances to customers that do not meet the criteria for classification at amortised cost, because their contractual terms do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (i.e. that fail the SPPI test), are measured at FVTPL.

The fair value of loans and advances to customers is calculated using a discounted cash flow model, taking into account yield curves and any required adjustments for the credit risk element.

Fair value of Financial Assets (other than loans and advances to customers mandatorily at Fair Value through Profit or Loss) measured at Fair Value through Profit or Loss (“FVTPL”)

Judgement is required for the estimation of the fair value of debt securities that are not traded in an active market. For these investments, the fair value computation through financial models also takes into account evidence of deterioration in the financial performance of the issuer, as well as industry and sector economic performance.

For the determination of the fair value of equity shares that are not traded in an active market, generally accepted valuation models and techniques are used, such as: discounted cash flow models, estimation of options, comparable transactions, estimation of the fair value of assets (i.e. fixed assets) and net asset value. Management, based on prior experience, adjusts if necessary, the relevant values in order to reflect the current market conditions.

Management, in certain circumstances may use cost as an appropriate estimate of fair value for equity shares. That may be the case of uncertainty, or insufficient of the information provided to measure fair value, or lack of availability of most recent information, or there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

Fair value of over the counter derivative instruments

The fair value of derivative financial instruments that are traded over the counter (“OTC”), with banking counterparties, is determined by using commonly accepted valuation models.

These valuation models use observable data. Where this is not possible, estimates and assumptions are required by Management concerning the parameters that affect the fair value of derivatives. These assumptions and estimates are assessed regularly and when market conditions change significantly.

The fair value for derivative financial instruments includes adjustments for the credit risk in a bilateral derivative transaction (CVA/ DVA).

The calculation of credit adjustments takes into account the future expected credit exposure, which is estimated using simulation techniques for the derivatives’ future fair values, in combination with the currently in force netting agreements and collateral held (as per the ISDA-CSA contracts in force).

In addition, the calculation of credit adjustments is also based on loss given default (“LGDs”) rates as well probability of default (PDs) curves, as these are derived from the purchase prices of the Credit Default Swap market (“CDS”).

In case that the aforementioned prices are not available from the CDS market, or the available market prices are not reliable due to very low liquidity, the relevant calculation is based on proxy credit curves and LGD rates, approved by Management.

The fair value models are applied consistently from one accounting period to the other, ensuring comparability and consistency of information over time.

Recoverability of Deferred Tax Assets

Management evaluates the recoverability of deferred tax asset at each reporting period. The recognition of a deferred tax asset relies on Management’s assessment of the probability and sufficiency of future taxable profits, future reversals of existing taxable temporary differences and ongoing tax planning strategies. In the absence of a history of taxable profits, the most significant judgments relate to expected future profitability and to the applicability of tax planning strategies.

Management’s estimates for the future tax results of the Group and consequently the recoverability of the deferred tax asset, take into account the revised Restructuring Plan approved as of 29 November 2015 by the European Commission as well as the most recent Business Plan approved by the Board of Directors. Management’s estimates are also based on the assumptions related to the Greek economy prospects, as well as on other actions or amendments already implemented, improving the evolution of the future profitability.

Moreover, Management examines the nature of the temporary differences and tax losses, as well as the ability for their recovery, in accordance with the prevailing tax legislation related to their offsetting with profits generated in future periods (e.g. five years), or with other specific tax regulations, as for example the regulations set by the Greek tax legislation which allows the optional conversion of deferred tax assets on specific temporary differences into final and settled claims against the Greek Government (Deferred Tax Credit – DTC), under certain terms and conditions.

In relation to the provisions of Law 4172/2013 for deferred tax assets please refer to Note 8 of the Interim Financial Information.

Finally, at each reporting period, Management evaluates the consequences of the changes in the current tax legislation on the tax base of the assets and the liabilities.

Impairment of investments in subsidiaries, associates and joint ventures

The impairment test of investments in subsidiaries, associates and joint ventures involves significant judgment in determining the value in use, and in particular estimating the present values of cash flows expected to arise from continuing to hold the investment. Management tests for impairment the investments in subsidiaries, associates and joint ventures, comparing the recoverable amount of the investment with its carrying amount.

Fair value of investment property

Investment property is measured annually at fair value, which is determined by independent certified valuers.

Fair value is based on active market prices or is adjusted, if necessary, for any difference in the nature, location, condition and other features and characteristics or special circumstances affecting the specific investment property. If this information is not available, valuation methods, as those described in Note 2.2.17 of the 2018 Annual Financial Statements, are used. The fair

value of investment property reflects rental income from current leases as well as assumptions about future rentals, taking into consideration current market conditions.

For investment properties with a value not considered as individually significant, the fair value may be determined by applying the aforementioned valuation methods or by extrapolating the results of the valuations, to groups of property with similar characteristics.

Incremental Borrowing Rate

Under IFRS 16 "Leases", the Group recognizes new assets (Right of Use) and lease liabilities for all lease contracts that meet the definition of a lease. These liabilities are initially measured at the present value of future lease payments discounted at the lessee's incremental borrowing rate. The incremental borrowing rate used is based on the risk free yield curve. This curve is adjusted, when required, in order to represent the collaterals that typically accompany the leasing transactions. The above mentioned calculation process for the IBR is been applied at each reporting period.

Other receivables from the Greek Public Sector

Management makes significant estimates and assumptions regarding the progress of the Greek economy such as GDP, House Price Index and Unemployment. Furthermore, for Management's estimates concerning the economic developments refer to Note 2.2.

As at 31/3/2019, the total carrying value of the Group's receivables from the Greek Public Sector is as follows:

	31/3/2019	31/12/2018
Derivative financial instruments - assets	378	306
Bonds and treasury bills at FVTPL	156	242
Loans and advances to Public sector at amortised cost	409	1,738
Debt securities at amortised cost	71	(0)
Bonds, treasury bills and other variable income securities at FVTOCI	1,757	2,002
Other Assets	495	534
Total	3,266	4,822

The movement in Loans and advances to Public Sector at amortised cost of € 1.3 billion is mainly due to the repayment of funding provided to a public sector organisation (i.e. OPEKEPE), aiming the prompt distribution of European Union subsidies to Greek farmers.

4 Financial Risk Management

4.1 Fair values of financial assets and liabilities

4.1.1 Financial assets and liabilities not measured at fair value

The following table summarises the fair values and the carrying amounts of those assets and liabilities not measured at fair value.

Assets	Carrying Value		Fair Value	
	31/3/2019	31/12/2018	31/3/2019	31/12/2018
Loans and advances to credit institutions	1,250	1,120	1,250	1,120
Reverse repos with customers	43	103	43	103
Loans and advances to customers at amortised cost	38,481	39,757	38,279	39,495
Debt securities at amortised cost	802	208	811	213
Other Assets - Financial Instruments	867	1,142	867	1,142

Liabilities	Carrying Value		Fair Value	
	31/3/2019	31/12/2018	31/3/2019	31/12/2018
Due to credit institutions	4,315	5,548	4,315	5,548
Due to customers	43,838	44,739	43,838	44,739
Debt securities in issue	528	528	522	516
Lease obligations	150	40	150	40

The fair value as at 31/3/2019 of loans and advances to credit institutions, reverse repos with customers, other assets-financial instruments, due to credit institutions, due to customers and lease obligations which are measured at amortised cost, are not materially different from the respective carrying values since they are very short term in duration and priced at current market rates. These rates are often repriced and due to their short duration they are discounted with the risk free rate.

The fair value of loans and advances to customers at amortised cost has been calculated using a discounted cash flow model, taking into account yield curves and any adjustments for credit risk.

Fair value for debt securities at amortised cost is estimated using quoted market prices. Where this information is not available, fair value has been estimated using the prices of securities with similar credit, maturity and yield characteristics, or by discounting cash flows.

The fair value of debt securities in issue is calculated based on quoted prices. Where quoted market prices are not available, the estimated fair value is based on other debt securities with similar credit, yield and maturity characteristics or by discounting cash flows.

4.1.2 Financial assets and liabilities measured at fair value

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

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. The Group considers relevant and observable market prices in its valuations where possible. Observable inputs reflect market data obtained from independent sources. Unobservable inputs reflect the Group's market assumptions.

These two types of inputs have created the following fair value hierarchy:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed shares and bonds on exchanges as well as exchange traded derivatives like futures.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. This level includes OTC derivatives, bonds and shares. Input parameters are based on yield curves or data

which are observable and are not included in Level 1.

In **Level 3** the valuation of assets and liabilities is carried out by introducing variables that are not based on observable market data. Level 3 includes shares measured at fair value and derivative financial instruments. Shares and derivative financial instruments within Level 3 are not traded in an active market or there are no available prices in order to determine their fair value.

Specifically:

Shares and other variable income securities at fair value

The valuation is carried out with variables that are not based on observable market data (unobservable inputs). For the determination of the fair value of the aforementioned shares, the Group uses generally accepted valuation models and techniques such as: discounted cash flow models, estimation of options, comparable transactions, estimation of the fair value of assets (i.e. fixed assets), total equity of the company, net asset value and mutual funds units. The Group, based on prior experience, adjusts if necessary, the relevant values in order to reflect the current market conditions.

Derivative financial instruments

Derivative financial instruments held by the Group, which are not traded in an active market or there are no available prices for, are valued using internally developed valuation models incorporating unobservable inputs and are included in Level 3 of derivative financial assets/ liabilities.

Consequently the fair value of derivatives is determined according to valuation techniques following basic parameters: a) the relevant share price, b) the volatility of the relevant share price, c) the interest rates and d) the credit spreads.

Bonds and the loans and advances to customers that fail the SPPI test are mandatorily classified at FVTPL and are included in Level 3.

The fair value of the convertible bonds, which are classified mandatorily at FVTPL and included in Level 3 hierarchy, is determined according to valuation techniques following basic parameters: a) the relevant share price, b) the volatility of the relevant share price, c) the interest rates and d) the credit spreads. The fair value of loans and advances to customers mandatorily at FVTPL has been calculated using a discounted cash flow model, taking into account yield curves and any adjustments for credit risk.

The following table presents financial assets and liabilities measured at fair value, categorised in the three levels mentioned above:

31/3/2019	Assets & Liabilities measured at fair value			Total
	Level 1	Level 2	Level 3	
Assets				
Derivative financial instruments - assets	0	451	7	459
Financial instruments at FVTPL	175	0	0	175
- Bonds	85	-	-	85
- Treasury bills	76	-	-	76
- Shares & other variable income securities	13	-	0	13
Financial assets mandatorily at FVTPL	62	0	54	116
- Bonds	-	-	18	18
- Shares & other variable income securities	62	-	36	97
Loans and advances to customers mandatorily at FVTPL	-	-	81	81
Financial assets at FVTOCI	1,898	65	95	2,057
- Bonds	1,854	-	-	1,854
- Shares & other variable income securities	44	65	95	203
Liabilities				
Derivative financial instruments - liabilities	-	493	-	493
Liabilities at FVTPL	72	-	-	72

31/12/2018	Assets & Liabilities measured at fair value			
	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 & other variable income securities	40	51	81	172
Liabilities				
Derivative financial instruments - liabilities	-	413	-	413
Liabilities at FVTPL	62	-	-	62

Management examines transfers between fair value hierarchy levels at the end of each reporting period.

For assets and liabilities valued at fair value on 31/3/2019 and 31/12/2018, no transfers from Level 1 to Level 2 and vice versa occurred during the year 2018 and the period 1/1 - 31/3/2019.

The following tables present the movement of financial assets and liabilities measured at fair value within Level 3 as at 31/3/2019 and 31/12/2018:

	Reconciliation of Level 3 items (for the period 1/1 - 31/3/2019)				
	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	2	(3)	-	2	-
- Unrealised	2	(3)	-	2	-
- Realised	0	-	-	-	-
Other comprehensive income	-	-	6	-	-
Purchases	-	-	7	-	-
Disposals/ Settlements	-	0	-	-	-
Closing Balance as at 31/3/2019	54	81	95	7	0

	Reconciliation of Level 3 items (for the period 1/1 - 31/12/2018)				
	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

The following tables present the sensitivity analysis of Level 3 financial assets and liabilities measured at fair values:

31/3/2019	Sensitivity analysis of Level 3 hierarchy	
	Favourable changes	Unfavourable changes
Income Statement		
Derivative financial instruments - assets	0	(1)
Financial assets mandatorily at FVTPL	20	(0)
Loans and advances to customers mandatorily at FVTPL	0	0
Equity Statement		
Financial assets at FVTOCI	25	(17)

31/12/2018	Sensitivity analysis of Level 3 hierarchy	
	Favourable changes	Unfavourable changes
Income Statement		
Derivative financial instruments - assets	1	(0)
Financial assets mandatorily at FVTPL	19	2
Loans and advances to customers mandatorily at FVTPL	0	0
Equity Statement		
Financial assets at FVTOCI	25	(17)

Considering changes in the underlying share price by +/- 5%, in the volatility of the share price by +/- 10%, in interest rates by +/- 10 basis points and in credit spreads by +/- 100 basis points, the change in the fair value of the derivatives as compared to their fair value as at 31/3/2019, for derivatives financial instruments – asset, will range between +7% in the scenarios of favourable changes and -7% in the scenarios of unfavourable changes.

The estimation of the change in the value of the shares within Level 3 has been approached by various methods, such as:

- the net asset value (NAV),
- the discounted future dividends taking into account estimates of the issuer and the relevant cost of capital,
- the closing prices of similar listed shares or the indices of similar listed companies,
- the adjusted equity position taking into account the fair value of the assets (i.e. tangible assets) and the relevant qualifications from the certified auditors' report.

Furthermore, factors that may adjust these values such as the industry and the business environment in which companies operate, current developments and prospects, have been taken into account, while the Group based on prior experience, adjusts further where necessary, these values so as to assess the possible changes.

The scenarios of favourable and unfavourable changes in Loans and advances to customers mandatorily at FVTPL took into account changes in interest rates +/- 10 basis points.

The tables below present the fair values for the financial assets and liabilities classified as discontinued operations in the Group's Statement of Financial Position and are measured at fair value for 31/3/2019 and 31/12/2018.

31/3/2019	Assets & Liabilities measured at fair value from discontinued operations			
	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments - assets	-	0	-	0
Financial assets at FVTOCI	0	32	1	33
- Bonds	-	30	-	30
- Shares & other variable income securities	0	2	1	3
Liabilities				
Derivative financial instruments - liabilities	-	-	-	0

31/12/2018	Assets & Liabilities measured at fair value from 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
Liabilities				
Derivative financial instruments - liabilities	-	0	-	0

4.2 Credit Risk Management

4.2.1 Loans and advances to customers at amortised cost

The amounts of loans and advances to customers at amortised cost before ECL allowances for impairment on loans and advances to customers at amortised cost, as included in Note 12.1, have been reduced by the fair value adjustment, in the context of the purchase price allocation exercise of the operations acquired in the period between 2012 and 2015. Specifically, the remaining ECL allowance for impairment on loans and advances to customers at amortised cost of the Group amounting to € 3.3 billion at 31/3/2019 relating to former ATEbank, the Greek banking operations of Cypriot Banks in Greece (Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank), Millennium Bank S.A., Geniki Bank S.A. and Panellinia Bank S.A., which at their acquisition date by Piraeus Bank amounted to € 8.1 billion for the Group, has increased the gross balance of loans and advances to customers at amortised cost and the ECL allowance for impairment on loans and advances to customers at amortised cost respectively in the tables below. As for purposes of credit risk monitoring in accordance with IFRS 7, the aforementioned adjustment is part of the ECL allowance for impairment on loans and advances to customers at amortised cost.

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

31/3/2019	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	5,658	2,178	3,788	2,697	14,322
Less: ECL Allowance for impairment losses	(5)	(69)	(1,010)	(745)	(1,829)
Total Mortgages	5,653	2,109	2,778	1,953	12,493
Consumer, Personal and Other loans					
Gross carrying amount	833	482	1,319	1,224	3,857
Less: ECL Allowance for impairment losses	(30)	(72)	(821)	(745)	(1,669)
Total Consumer, Personal and Other loans	803	409	498	479	2,188
Credit Cards					
Gross carrying amount	372	165	251	138	926
Less: ECL Allowance for impairment losses	(2)	(7)	(203)	(117)	(329)
Total Credit Cards	370	157	48	21	597
Retail Lending					
Gross carrying amount	6,862	2,825	5,358	4,059	19,104
Less: ECL Allowance for impairment losses	(37)	(149)	(2,034)	(1,607)	(3,826)
Total Retail Lending	6,826	2,676	3,324	2,452	15,278
Loans to Large Corporate					
Gross carrying amount	6,880	1,347	4,295	706	13,227
Less: ECL Allowance for impairment losses	(74)	(83)	(2,166)	(375)	(2,698)
Total Loans to Large Corporate	6,805	1,263	2,129	331	10,529
Loans to SMEs					
Gross carrying amount	4,014	1,738	9,586	3,498	18,836
Less: ECL Allowance for impairment losses	(32)	(114)	(4,439)	(1,985)	(6,569)
Total Loans to SMEs	3,982	1,624	5,147	1,513	12,266
Loans to Public Sector					
Gross carrying amount	399	0	11	3	414
Less: ECL Allowance for impairment losses	(1)	(0)	(4)	(0)	(5)
Total Loans to Public Sector	398	0	7	3	409
Corporate and Public Sector Lending					
Gross carrying amount	11,293	3,085	13,892	4,207	32,477
Less: ECL Allowance for impairment losses	(108)	(197)	(6,608)	(2,360)	(9,273)
Total Corporate and Public Sector Lending	11,185	2,887	7,283	1,847	23,203
Loans and advances to customers at amortised cost					
Gross carrying amount	18,155	5,910	19,250	8,266	51,581
Less: ECL Allowance for impairment losses	(144)	(346)	(8,643)	(3,966)	(13,099)
Total Loans and advances to customers at amortised cost	18,011	5,564	10,607	4,299	38,481

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

	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 Held for Sale	-	-	(5)	-	(5)
Transfers between Stages (net)	26	(12)	(13)	-	0
ECL Impairment charge for the period (P&L)	(35)	19	178	25	186
Interest due to ITG Approach A	0	0	97	63	160
Write-off ECL allowance	(0)	(0)	(237)	(112)	(350)
Write-off of interest due to ITG Approach A	(0)	(1)	(129)	(71)	(201)
FX differences and other movements	(0)	(26)	10	(7)	(24)
At 31/3/2019	144	346	8,643	3,966	13,099

	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
Transfers between Stages (net)	14	(19)	5	0	(0)
ECL Impairment charge for the period (P&L)	(11)	(33)	230	(22)	164
Interest due to ITG Approach A	-	0	121	61	183
Write-off ECL allowance	(0)	(1)	(288)	(209)	(498)
Write-off of interest due to ITG Approach A	-	(0)	(168)	(92)	(260)
FX differences and other movements	(4)	4	(27)	(5)	(32)
At 31/3/2018	156	741	10,658	5,104	16,660

The amounts reported at 31/3/2018 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 1/4/2018	156	741	10,658	5,104	16,660
Transfer to Discontinued Operations	(2)	(3)	(79)	-	(84)
Transfer to Held for Sale	-	(9)	(313)	(27)	(349)
Transfers between Stages (net)	(81)	(245)	326	(0)	0
ECL Impairment charge for the period (P&L)	98	(122)	636	(246)	368
Interest due to ITG Approach A	0	5	356	177	538
Write-off ECL allowance	(0)	(3)	(1,648)	(240)	(1,891)
Write-off of interest due to ITG Approach A	(0)	(9)	(479)	(181)	(669)
FX differences and other movements	(17)	12	(715)	(518)	(1,238)
At 31/12/2018	154	367	8,743	4,069	13,333

4.2.2 Financial assets at FVTOCI

The following tables present the reconciliation of the allowance for impairment on financial assets at FVTOCI.

	Movement in ECL allowance				
	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 1/1/2019	14	1	-	-	15
ECL impairment charge for the year (P&L)	(10)	(0)	-	-	(10)
Charge for new financial assets originated or purchased (P&L)	1	-	-	-	1
Disposals	(1)	(1)	-	-	(1)
At 31/3/2019	4	0	0	0	4

	Movement in ECL allowance				
	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 1/1/2018	27	-	-	-	27
Transfer to Discontinued Operations	(0)	-	-	-	(0)
ECL impairment charge for the year (P&L)	(6)	1	-	-	(6)
Disposals	(6)	-	-	-	(6)
At 31/12/2018	14	1	0	0	15

5 Business segments

In Q1 2018 the Executive Committee of the Group in line with implementation of “Agenda 2020” strategic plan has changed its segment analysis from the traditional product oriented segmentation applied up to and including 31 December 2017 to a customer oriented segmentation perspective. 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.

To be aligned with the new segmentation the following transfers from the previous segments have taken place:

1. Customers relating to the Recovery Business Unit (RBU) have been transferred from the previous Retail and Corporate segment to the new segment Piraeus Legacy Unit (PLU).
2. Small medium Enterprises (SME) have been transferred from the Retail segment to the Corporate segment.
3. Investment Banking has been included in the Corporate segment.
4. A new liquidity premium curve has been introduced to the Funds Transfer Pricing (FTP) methodology among other changes.

The new segments that have derived from the above 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

PLU – This segment includes the Recovery Banking Unit (“RBU”) which is considered to be non-core business, the international subsidiaries as there is a clear commitment through the Bank’s Restructuring Plan to deleverage from its foreign assets 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 - 31/3/2019	"Core" Segments					PLU	Group
	Retail Banking	Corporate Banking	PFM	Other	Total		
Net interest income	147	103	21	1	273	87	360
Net fee and commission income	37	33	1	(5)	66	3	69
Other income	2	1	3	7	13	3	15
Total Net Income	186	138	26	3	352	92	445
Operating expenses	(107)	(37)	(5)	(29)	(178)	(53)	(231)
Profit/ (loss) before provisions, impairment and income tax	79	101	21	(26)	174	40	214
ECL impairment losses on loans and advances to customers at amortised cost	(26)	(9)	(1)	(1)	(37)	(150)	(186)
Impairment losses on other assets	-	-	-	(0)	(0)	(1)	(2)
ECL impairment (losses) / releases on financial assets at FVTOCI	-	-	9	-	9	-	9
Impairment on investment securities and participations	-	-	-	-	-	-	0
Impairment of property and equipment and intangible assets	-	-	-	(1)	(1)	(0)	(1)
Other impairment losses	-	-	(0)	-	(0)	(0)	(0)
Other provision releases/ (charges)	-	-	-	(1)	(1)	(0)	(1)
Share of profit/ (loss) of associates and joint ventures	-	-	-	(6)	(6)	(4)	(10)
Profit/ (loss) before income tax	53	92	29	(36)	138	(116)	23
Income tax benefit/ (expense)	-	-	-	-	-	-	(9)
Profit/ (loss) for the period from continuing operations							14
Profit/ (loss) after income tax from discontinued operations	-	-	-	-	-	5	5
Profit/ (loss) for the period							19
As at 31/3/2019							
Total assets from continuing operations (excluding assets held for sale)	10,112	13,017	5,365	11,012	39,506	18,233	57,739
Total assets from discontinued operations	-	-	-	-	-	1,225	1,225
Assets held for sale	-	33	-	-	33	258	291
Total assets	10,112	13,050	5,365	11,012	39,539	19,716	59,254
Total liabilities	33,128	6,965	7,672	1,738	49,503	2,189	51,693

1/1 - 31/3/2018	"Core" Segments					PLU	Group
	Retail Banking	Corporate Banking	PFM	Other	Total		
Net interest income	151	125	26	(6)	296	57	353
Net fee and commission income	37	29	1	(4)	63	6	69
Other income	1	0	7	7	15	11	26
Total Net Income	189	155	34	(4)	374	74	448
Operating expenses	(119)	(40)	(6)	(163)	(328)	(56)	(383)
Profit/ (loss) before provisions, impairment and income tax	69	115	28	(167)	46	18	64
ECL Impairment losses on loans and advances to customers at amortised cost	8	0	0	(10)	(1)	(162)	(163)
Impairment losses on other assets	-	-	-	(7)	(7)	(3)	(11)
ECL impairment (losses) / releases on financial assets at FVTOCI	-	-	15	-	15	-	15
Impairment on investment securities and participations	-	-	-	-	-	(18)	(18)
Impairment of property and equipment and intangible assets	-	-	-	(1)	(1)	-	(1)
Other impairment losses	-	-	0	-	0	-	0
Other provision releases/ (charges)	-	-	-	9	9	(3)	6
Share of profit/ (loss) of associates and joint ventures	-	-	-	(8)	(8)	(1)	(8)
Profit/ (loss) before income tax	78	116	44	(184)	53	(168)	(115)
Income tax benefit/ (expense)							35
Profit/ (loss) for the period from continuing operations							(80)
Profit/ (loss) after income tax from discontinued operations	-	-	-	-	-	(3)	(3)
Profit/ (loss) for the period							(83)
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 tables above, interest income is analysed into business segments net of interest expense, as Management relies primarily on net interest income to assess the performance of each business segment.

The intercompany transactions among the business segments are realised at arms length.

6 Net fee and commission income

	1/1 - 31/3/2019	1/1 - 31/3/2018
Fee and commission income		
Commercial banking	81	82
Investment banking	4	3
Asset management	3	3
Total fee and commission income	88	88
Fee and commission expense		
Commercial banking	(18)	(18)
Investment banking	(1)	(1)
Asset management	(0)	(0)
Total fee and commission expense	(19)	(19)
Net fee and commission income	69	69

The Group does not have any commissions from financial assets at FVTOCI.

For comparability purposes, the restatements / reclassifications made during the period 1/1 - 31/3/2018, in line “Fee and commission expense”, are presented in Note 24.

The tables below present commission income from contracts with customers for the Group for the period 1/1 - 31/3/2019 and 1/1 - 31/3/2018 respectively, which fall within the scope of IFRS 15. The Group has disaggregated commission income recognised from contracts with customers per product type and per IFRS 8 business segments as per Note 5, prior to the deduction of any associated expenses:

a. Fee and commission income

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

31/3/2019	Fee and Commission income					Total
	Retail Banking	Corporate Banking	Piraeus Financial Markets	Other	PLU	
Acquiring	7	5	0	0	0	12
Asset management/Brokerage	3	0	2	0	0	5
Bancassurance	6	1	0	1	0	8
Cards Issuance	8	1	0	0	1	10
Deposits Commissions	1	0	0	0	0	2
Funds Transfer	9	3	0	(0)	1	12
Letters of Guarantee	1	7	0	0	1	8
Loans and advances to customers at amortised cost	2	17	0	(7)	1	13
Payments	5	1	0	0	0	6
FX fees	3	1	0	0	0	4
Other	4	2	0	1	2	8
Total	48	37	2	(5)	6	88

31/3/2018	Fee and Commission income					Total
	Retail Banking	Corporate Banking	Piraeus Financial Markets	Other	PLU	
Acquiring	6	7	0	0	0	14
Asset management/Brokerage	4	0	1	1	0	6
Bancassurance	6	1	0	1	1	10
Cards Issuance	9	1	0	0	1	11
Deposits Commissions	1	0	0	0	0	2
Funds Transfer	9	3	0	0	1	13
Letters of Guarantee	1	8	0	(0)	1	9
Loans and advances to customers at amortised cost	2	11	0	(7)	1	8
Payments	4	1	0	0	0	5
FX fees	2	1	0	0	0	3
Other	4	1	0	1	2	7
Total	48	35	2	(4)	7	88

b. Other income

The table below presents other income from contracts with customers for the Group for the period 1/1 - 31/3/2019 and 1/1 - 31/3/2018 respectively, which fall within the scope of IFRS 15. Other income from rents and valuation of property have been excluded from the tables below as they do not fall within the scope IFRS 15.

The Group has disaggregated other income recognised from contracts with customers per product type and IFRS 8 as per Note 5.

31/3/2019	Other Income			Total
	Retail Banking	Other	PLU	
Other operating income	-	1	6	7
Gain from sale of investment property	-	0	-	0
Gain from sale of other assets	-	0	-	0
Total	0	1	6	7

31/3/2018	Other Income			Total
	Retail Banking	Other	PLU	
Other operating income	0	3	8	11
Gain from sale of investment property	-	1	-	1
Gain from sale of other assets	-	1	-	1
Total	0	5	8	13

7 Discontinued operations

According to IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” as set out in Note 2.2.18 of the 2018 Annual Financial Statements, Held for Sale subsidiaries presented as Discontinued Operations on Group level are measured at the lower of their carrying amount and fair value less cost to sell. This measurement is a non-recurring fair value measurement, categorized as Level 3 in the fair value hierarchy due to the significance of the unobservable inputs. The carrying value of these subsidiaries prior to their presentation as Discontinued Operations was based on the provisions of IAS 36 “Impairment of Assets” and the accounting policies of the Group.

Since Q2 2018, the Group's subsidiary Piraeus Bank Bulgaria A.D. (“PBB”) is classified as “Discontinued Operations” or as “Held for Sale” for the Group and the Bank respectively. On 7/11/2018, the Bank announced that it has entered into an agreement with Eurobank Ergasias S.A. for the disposal of its shareholding stake (99.98%) in its banking subsidiary in Bulgaria, PBB, to Eurobank Bulgaria A.D. The transaction represents the final major milestone towards the implementation of Piraeus Bank’s Restructuring Plan commitments, as those were agreed with the Directorate General of Competition of the European Commission. The transaction is subject to customary conditions, including approvals of the National Bank of Bulgaria (granted on 28/3/2019), the Bulgarian Competition Committee (granted on 9/5/2019) and the HFSF. The consideration amounts to € 75 million. The transaction is expected to be completed by Q2 2019. The fair value of the aforementioned discontinued operation has been determined based on the best estimate of the final agreement’s consideration at the date of reclassification and therefore has been classified in fair value hierarchy Level 3.

Since Q2 2018, the Group's subsidiary in Albania, Tirana Bank I.B.C. S.A. was classified as discontinued operations or as “Held for Sale” for the Group and the Bank respectively. On 7/8/2018, the Bank announced that it has entered into an agreement with the Balfin Group and the Komercijalna Banka, for the disposal of its shares in Tirana Bank. The total consideration amounts to € 57 million for the 98.83% stake the Bank holds in Tirana Bank I.B.C. S.A. The transaction was completed on 28/2/2019.

Since Q1 2017, the Group's subsidiary IMITHEA S.A., owner and operator of the Henry Dunant Hospital Center, is classified as discontinued operations for the Group. 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 officially through a press

release on 15/10/2018, that the second stage of the process (i.e. the submission of binding offers) was successfully completed. The Bank is currently in the assessment process, of the binding offers submitted.

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

	1/1 - 31/3/2019	1/1 - 31/3/2018
Interest and similar income	12	30
Interest expense and similar charges	(1)	(5)
NET INTEREST INCOME	11	25
Fee and commission income	5	9
Fee and commission expense	(1)	(2)
NET FEE AND COMMISSION INCOME	4	7
Dividend income	0	0
Net gain/ (losses) from financial instruments measured at fair value through profit or loss	2	(2)
Results from the disposal of participation of subsidiaries and associates	6	(1)
Net gain/ (losses) from financial instruments measured at fair value through other comprehensive income	-	0
Net Other income/ (expenses)	8	13
TOTAL NET INCOME	31	44
Staff costs	(12)	(22)
Administrative expenses	(6)	(18)
Depreciation and amortisation	(3)	(4)
Net gain/ (losses) from sale of property and equipment and intangible assets	0	0
TOTAL OPERATING EXPENSES BEFORE PROVISIONS	(21)	(44)
PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX	10	(0)
Provisions and Impairment Losses	(5)	(2)
Share of profit/ (loss) of associates and joint ventures	-	-
PROFIT/ (LOSS) BEFORE INCOME TAX	5	(3)
Income tax benefit/ (expense)	0	(0)
PROFIT/ (LOSS) AFTER INCOME TAX FROM DISCONTINUED OPERATIONS	5	(3)

Profit/ (loss) after income tax from discontinued operations for the period 1/1 - 31/3/2019 includes the results of IMITHEA S.A. and Piraeus Bank Bulgaria A.D. for the period 1/1 - 31/3/2019 and Tirana Bank I.B.C. S.A. until the day of its disposal on 28/2/2019. Profit/ (loss) after income tax from discontinued operations for the period 1/1 - 31/3/2018 includes the results of Sentinel Advisors S.A. (former ATE Insurance Romania S.A.), IMITHEA S.A., Piraeus Bank Romania S.A., Piraeus Bank Beograd A.D., Tirana Bank I.B.C S.A., Piraeus Bank Bulgaria A.D., Piraeus Leasing Doo Beograd for the three months of 2018 and Olympic Commercial & Tourist Enterprises S.A until 28/2/2018.

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 € 3 million (1/1 – 31/3/2018: € 1 million). The said loss was recognised on the measurement to fair value less costs to sell and is included in the “Provisions and impairment losses” line in the above table.

B) Assets and liabilities

The following assets and liabilities as at 31/3/2019 relate to Piraeus Bank Bulgaria A.D. and IMITHEA S.A. Respectively, the following assets and liabilities as at 31/12/2018 relate to the companies Tirana Bank I.B.C. S.A., Piraeus Bank Bulgaria A.D. and IMITHEA S.A.

	31/3/2019	31/12/2018
ASSETS		
Cash and balances with Central Banks	170	278
Loans and advances to credit institutions	92	116
Derivative financial instruments - assets	0	0
Reverse repos with customers	0	1
Loans and advances to customers at amortised cost	821	992
Financial assets measured at FVTOCI	33	230
Investment property	-	1
Property and equipment	83	84
Intangible assets	0	0
Deferred tax assets	5	6
Other assets	20	15
Total Assets	1,225	1,721

	31/3/2019	31/12/2018
LIABILITIES		
Due to credit institutions	12	33
Due to customers	1,110	1,601
Derivative financial instruments - liabilities	-	0
Retirement benefit obligations	6	6
Other provisions	108	142
Other liabilities	35	22
Total Liabilities	1,271	1,804

8 Income tax benefit / (expense)

	1/1 - 31/3/2019	1/1 - 31/3/2018
Current tax expense	(3)	(4)
Deferred tax benefit	(6)	39
Total	(9)	35

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 being in effect today, the income tax rate for Greek legal entities is 29% for taxable income of the 2018 income tax year, which is gradually being reduced to a) 28% for the income tax year 2019, b) 27% for the income tax year 2020, c) 26% for the income tax year 2021 and d) 25% for the income tax year 2022 and onwards. Especially for credit institutions, the income tax rate remains 29%. The tax rate on dividend income, derived in tax years 2017 and 2018 is set to 15%, and from 1/1/2019 the rate is reduced to 10%, according to Law 4603/2019.

From 1/1/2017 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 to legal entities, 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 the existence of tax losses.

For the subsidiaries operating abroad, the income tax has been calculated according to the respective nominal tax rates that were applicable for the years of 2019 and 2018 (Bulgaria: 10%, Romania: 16%, Egypt: 22.5%, Serbia: 15%, Ukraine: 18%, Cyprus: 12.5%, Albania: 15% and United Kingdom: 19%).

Under the provisions of Greek Law 4172/2013, Article 27A, as amended by Greek Law 4465/2017 and being currently in effect, deferred tax assets of Greek financial institutions, as well as deferred tax assets of leasing and factoring companies, that have been recognised due to losses from the Private Sector Involvement ('PSI') and accumulated provisions due to credit risk in relation to existing loans and advances to customers as of 30/6/2015, as well as the accounting write offs and final losses due to permanent write offs or restructuring of debts under certain conditions will be converted from 2017 onwards into directly enforceable claims (tax credit) against the Greek State, provided that the "profit for the period" from the fiscal year 2016 onwards according to IFRS, is a loss. This claim will be offset against the relevant amount of income tax of the legal person or companies of the same corporate group (associated companies) of the tax year, which the approved financial statements refer to. When the amount of income tax is insufficient to offset the above claim, any remaining claim will give rise to a direct refund right against the Greek State in favor of the above-mentioned legal person or companies. In this case, a special reserve equal to 100% of the mentioned claim will be created exclusively for a share capital increase and the issuance of capital conversion rights (warrants) without consideration in favor of the Greek State. The above rights will be convertible into ordinary shares, while existing shareholders will have a call option right on them. The above-mentioned reserve will be capitalised and new ordinary shares will be issued in favor of the Greek State. If the right of conversion is exercised by the Greek State, the ownership of these common or cooperative shares will come automatically and without consideration to the Financial Stability Fund.

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 DTC 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 19/12/2014, 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 31/3/2019, the deferred tax assets of the Group that met the provisions of the above mentioned Law, amounted to € 3,920 million (31/12/2018: € 3,938 million), of which € 1,257 million (31/12/2018: € 1,271 million) relates to the remaining unamortised amount of debit difference from the participation on the PSI and € 2,663 million (31/12/2018: € 2,668 million) relates to the differences on IFRS loans and advances to customers, and the amount of tax base, respectively.

According to the article 82 of Greek Law 4472/2017 credit institutions and other legal entities that fall under the provisions of article 27A of Greek Law 4172/2013 are required to pay an annual commission 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 1/1/2015 (29%), and the tax rate applicable on 30/6/2015 (26%). For the period until 31/3/2019, the total commission amounted to € 1.7 million for the Group and has been included in the Consolidated Interim Income Statement under the line "Net other income/ (expenses)".

9 Current tax assets

	31/3/2019	31/12/2018
Current tax assets	257	275
Accumulated impairment of current tax assets	(52)	(54)
Net amount of current tax assets	205	221

Current income tax assets as at 31/3/2019 for the Group amounts to € 205 million. This comprise mainly of:

- Withholding taxes on bonds and treasury bills for the Bank of € 103 million relating to the financial years 2009, 2011, 2012 and 2013 (tax years 2008, 2010, 2011 and 2012), regarding Bank's claims against the Greek State of withholding taxes on interest bonds. Under the provisions of Greek Law 4605 (article 93, par.1 & 2), as published at Gazette A' 52 on 1st April 2019 a provision was introduced in the Taxation Law of Legal Entities, clarifying the status of the abovementioned claims on withholding tax receivables. After the enforcement of Law 4605/2019, tax claims are analyzed as follows:
 - withholding taxes of € 40 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,
 - withholding tax receivable of € 14 million para. 8 of article 12 of Greek Law 2238/1994, 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 10 equal instalments over a 10 year period with any tax liabilities of banks, starting from 1/1/2020.
- Withholding tax receivables on interest income from treasury bills of € 59 million, which were withheld after 1/1/2013, regarding income on interest which is now taxed under the general corporate tax provisions, are offset against income tax available in the following five financial years from the year date 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.
- Withholding taxes on corporate bonds of € 26 million, which are refundable by the Greek State.
- Various other tax claims of the Group of € 17 million.

10 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 2/12/2015, 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 issue of a contingent convertible bond loan ("CoCo") amounting to € 2,040 million. This amount was exclusively covered by the HFSF with bonds issued by ESM.

The effect of CoCo's in the EPS calculation is dilutive and hence the weighted average number of ordinary shares outstanding

for diluted EPS has been adjusted.

Basic earnings/ (losses) per share from continuing operations	1/1 - 31/3/2019	1/1 - 31/3/2018
Profit/ (loss) attributable to ordinary shareholders of the parent entity from continuing activities	14	(79)
Weighted average number of ordinary shares in issue	436,344,308	436,360,456
Basic earnings/ (losses) per share (in €) from continuing operations	0.0314	(0.1799)

Diluted earnings/ (losses) per share from continuing operations	1/1 - 31/3/2019	1/1 - 31/3/2018
Profit/ (loss) attributable to ordinary shareholders of the parent entity from continuing activities	14	(79)
Weighted average number of ordinary shares in issue	436,344,308	436,360,456
Potential dilutive ordinary shares from Contingent Convertible Bonds (CoCos)	394,400,000	394,400,000
Weighted average number of ordinary shares for diluted earnings/ (losses) per share	830,744,308	830,760,456
Diluted earnings/ (losses) per share (in €) from continuing operations	0.0165	(0.0945)

Basic earnings/ (losses) per share from discontinued operations	1/1 - 31/3/2019	1/1 - 31/3/2018
Profit/ (loss) attributable to ordinary shareholders of the parent entity from discontinued activities	5	(3)
Weighted average number of ordinary shares in issue	436,344,308	436,360,456
Basic earnings/ (losses) per share (in €) from discontinued operations	0.0123	(0.0071)

Diluted earnings/ (losses) per share from discontinued operations	1/1 - 31/3/2019	1/1 - 31/3/2018
Profit/ (loss) attributable to ordinary shareholders of the parent entity from discontinued activities	5	(3)
Weighted average number of ordinary shares in issue	436,344,308	436,360,456
Potential dilutive ordinary shares from Contingent Convertible Bonds (CoCos)	394,400,000	394,400,000
Weighted average number of ordinary shares for diluted earnings/ (losses) per share	830,744,308	830,760,456
Diluted earnings/ (losses) per share (in €) from discontinued operations	0.0065	(0.0037)

Earnings / (losses) per share for the comparative period have been restated. Relative reference is provided in Note 24.

11 Items that may be reclassified subsequently to profit or loss

Other comprehensive income, net of tax from continuing and discontinued operations for the period 1/1 - 31/3/2019 amounted to € 29 million (1/1 – 31/3/2018: € -26 million). The tables below show the analysis of these amounts:

A. Continuing operations

1/1 - 31/3/2019	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	27	(11)	16
Change in currency translation reserve	3	-	3
Items that will not be reclassified subsequently to profit or loss			
Change in reserve from financial assets measured at FVTOCI	23	(7)	17
Change in reserve of defined benefit obligations	0	-	0
Other comprehensive income/ (expense) from continuing operations	54	(18)	36

1/1 - 31/3/2018	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	(39)	6	(33)
Change in currency translation reserve	1	-	1
Items that will not be reclassified subsequently to profit or loss			
Change in reserve from financial assets measured at FVTOCI	5	(1)	3
Change in reserve of defined benefit obligations	(1)	0	(1)
Other comprehensive income/ (expense) from continuing operations	(33)	5	(28)

B. Discontinued operations

1/1 - 31/3/2019	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	0	-	0
Change in reserve of defined benefit obligations	-	-	-
Other comprehensive income/ (expense) from discontinued operations	(7)	0	(7)

1/1 - 31/3/2018	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)	0
Change in currency translation reserve	1	-	1
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	2	(0)	2

12 Loans and advances to customers

12.1 Loans and advances to customers at amortised cost

The amounts of loans and advances to customers at amortised cost before ECL allowances for impairment on loans and advances to customers at amortised cost have been reduced by the fair value adjustment, in the context of the purchase price allocation exercise of the operations acquired in the period 2012 to 2015. Specifically, the remaining ECL allowance for impairment on loans and advances to customers at amortised cost of the Group amounting to € 3.3 billion as at 31/3/2019 relating to former ATEbank, the Greek banking operations of Cypriot Banks in Greece (Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank), Millennium Bank S.A., Geniki Bank S.A. and Panellinia Bank S.A., which at their acquisition date by Piraeus Bank amounted to € 8.1 billion for the Group, has decreased the gross balance of loans and advances to customers at amortised cost and the ECL allowance for impairment on loans and advances to customers respectively in the tables below, as under IFRS 3 it has been included in the adjustment of loans and advances to customers at amortised cost to their fair value during the cost allocation process. However, for purposes of credit risk monitoring in accordance with IFRS 7 in Note 4.2.1, the aforementioned adjustment is part of the ECL allowance for impairment on loans and advances to customers at amortised cost and hence both the gross exposures and the ECL allowance have been increased by this amount.

31/3/2019	Stage 1	Stage 2	Stage 3	POCI	Total
	12-month ECL	Lifetime ECL	Credit impaired Lifetime ECL	Credit impaired Lifetime ECL	
Mortgages	5,624	2,148	3,731	2,432	13,935
Consumer, personal and other loans	815	452	1,237	646	3,151
Credit cards	372	165	249	30	815
Total Retail Lending	6,811	2,765	5,217	3,108	17,901
Large Corporate	6,858	1,199	4,099	463	12,619
SMEs	3,956	1,722	9,303	2,323	17,303
Public Sector	399	0	9	3	411
Corporate and Public Sector Lending	11,212	2,921	13,411	2,789	30,333
Total gross loans and advances to customers	18,023	5,685	18,628	5,897	48,234
Less: ECL Allowance	(12)	(122)	(8,020)	(1,598)	(9,752)
Loans and advances to customers at amortised cost	18,011	5,564	10,607	4,299	38,481

31/12/2018	Stage 1	Stage 2	Stage 3	POCI	Total
	12-month ECL	Lifetime ECL	Credit impaired Lifetime ECL	Credit impaired Lifetime ECL	
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

	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 Held for Sale	-	-	(5)	-	(5)
Transfers between Stages (net)	15	(128)	113	-	0
ECL Impairment charge for the period (P&L)	(35)	19	178	25	186
Interest due to ITG Approach A	0	0	97	63	160
Write-off ECL allowance	1	1	(227)	(56)	(282)
Write-off of interest due to ITG Approach A	(0)	(1)	(129)	(71)	(201)
FX differences and other movements	1	(28)	24	57	53
At 31/3/2019	12	122	8,020	1,598	9,752

	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
Transfers between Stages (net)	14	(19)	5	0	(0)
ECL Impairment charge for the period (P&L)	(11)	(33)	230	(22)	164
Interest due to ITG Approach A	-	0	121	61	183
Write-off ECL allowance	(0)	(0)	(248)	(0)	(249)
Write-off of interest due to ITG Approach A	-	(0)	(168)	(92)	(260)
FX differences and other movements	(4)	4	(27)	(5)	(32)
At 31/3/2018	122	670	9,262	1,033	11,087

The amounts reported at 31/3/2018 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 1/4/2018	122	670	9,262	1,033	11,087
Transfers between Stages (net)	(81)	(245)	326	(0)	0
ECL Impairment charge for the period (P&L)	98	(122)	636	(246)	368
Interest due to ITG Approach A	0	5	356	177	538
Write-off ECL allowance	(0)	(0)	(365)	(4)	(371)
Write-off of interest due to ITG Approach A	(0)	(9)	(479)	(181)	(669)
FX differences and other movements	(106)	(29)	(1,374)	801	(707)
At 31/12/2018	31	258	7,971	1,580	9,840

Loans and advances to customers held for sale

During Q3 2018, the Bank entered into an agreement in relation to the sale of non-performing and denounced corporate credit exposures, secured with real estate collateral, equivalent to € 109 million total legal claims. The Bank, as at 30/9/2018, has transferred this loan perimeter to the Held for sale (“HFS”) portfolio given that all necessary conditions are met. The operating

segment in which the relevant portfolio is presented is PLU, as at 31/3/2019.

Furthermore, during H2 2018, the Bank entered into an agreement in relation to the sale of non-performing and denounced corporate and shipping credit exposures, secured with vessels and real estate collaterals, equivalent to € 562 million total legal claims. The Bank, as at 31/12/2018, 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 and Corporate & Investment Banking, as at 31/3/2019.

Furthermore, during Q4 2018, the Bank entered into an agreement in relation to the sale of non-performing and denounced credit exposures, secured with Non listed Corporate Stakes and real estate collaterals, equivalent to € 58 million total legal claims. The transaction was completed and the loan portfolio was transferred to the Buyer in the end of March 2019.

12.2 Loans and advances to customers mandatorily at FVTPL

The line "Loans and advances to customers mandatorily at FVTPL" amounted to € 81 million as at 31/3/2019 (31/12/2018: € 84 million) for the Group and includes loans and advances to customers that do not meet the SPPI criteria.

13 Investments in consolidated companies

The investments of the Group in consolidated companies from continuing and discontinued operations are analysed below:

A. Subsidiary companies (full consolidation method) from continuing operations

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%
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%

s/n	Name of Company	Activity	Country	Unaudited tax years (1)	% holding
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%
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%

s/n	Name of Company	Activity	Country	Unaudited tax years (1)	% holding
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	83.00%
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%
50.	Thriacio Logistics Center S.A.	Logistic Center	Greece	-	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.	Piraeus Insurance Brokerage EOOD	Insurance brokerage	Bulgaria	2007-2018	99.98%
54.	Beta Asset Management EOOD	Rent and management of real estate	Bulgaria	2013-2018	99.98%
55.	Bulfina E.A.D.	Property management	Bulgaria	2008-2018	100.00%
56.	Bulfinace E.A.D.	Property Management	Bulgaria	2008-2018	100.00%
57.	Delta Asset Management EOOD	Real Estate Development	Bulgaria	2015-2018	99.98%
58.	Gama Asset Management EOOD	Real Estate Development	Bulgaria	2015-2018	99.98%
59.	Piraeus Real Estate Bulgaria EOOD	Construction company	Bulgaria	2007-2018	100.00%

s/n	Name of Company	Activity	Country	Unaudited tax years (1)	% holding
60.	Varna Asset Management EOOD	Real estate development	Bulgaria	2014-2018	99.98%
61.	Asset Management Bulgaria EOOD	Travel - rental services and property management	Bulgaria	2012-2018	99.98%
62.	Besticar Bulgaria EOOD	Collects receivables	Bulgaria	2012-2018	99.98%
63.	Besticar EOOD	Collects receivables from problematic clients	Bulgaria	2012-2018	99.98%
64.	Emerald Investments EOOD	Property management	Bulgaria	2018	99.98%
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%
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	83.00%
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%

s/n	Name of Company	Activity	Country	Unaudited tax years (1)	% holding
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.	Emadiero 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%
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 Real Estate Consultants SRL	Construction company	Romania	2015-2018	100.00%
102.	Piraeus Rent Doo Beograd	Operating Leases	Serbia	2007-2018	100.00%
103.	Piraeus Real Estate Egypt LLC	Property management	Egypt	2011-2018	100.00%
104.	Trieris Real Estate Management Ltd	Management of Trieris Real Estate Ltd	British Virgin Islands	-	100.00%
105.	Marathon 1 Greenvale Rd LLC	Real estate development	U.S.A.	2012-2018	99.95%
106.	Piraeus Group Capital Ltd	Debt securities issue	United Kingdom	-	100.00%
107.	Piraeus Group Finance PLC	Debt securities issue	United Kingdom	-	100.00%
108.	Axia Finance III PLC	SPE for securitization of corporate loans	United Kingdom	-	-
109.	Axia Finance PLC	SPE for securitization of corporate loans	United Kingdom	-	-
110.	Axia III APC LIMITED	SPE for securitization of corporate loans	United Kingdom	-	-

s/n	Name of Company	Activity	Country	Unaudited tax years (1)	% holding
111.	Estia Mortgage Finance PLC	SPE for securitization of mortgage loans	United Kingdom	-	-
112.	Estia Mortgage Finance II PLC	SPE for securitization of mortgage loans	United Kingdom	-	-
113.	Kion Mortgage Finance PLC	SPE for securitization of mortgage loans	United Kingdom	-	-
114.	Praxis I Finance PLC	SPE for securitization of consumer loans	United Kingdom	-	-
115.	Praxis II APC LIMITED	SPE for securitization of consumer loans	United Kingdom	-	-
116.	Praxis II Finance PLC	SPE for securitization of consumer loans	United Kingdom	-	-
117.	Piraeus Asset Management Europe S.A.	Mutual funds management	Luxemburg	-	100.00%

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.

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

Furthermore, as at 31/3/2019 the subsidiaries duly numbered 30, 36-37, 51, 65 and 100 were under liquidation.

The subsidiaries that are excluded from the consolidation are as follows: a) «Hellenic Information Systems HIS S.A.», b) «The Museum Ltd.», c) «Procas Holding Ltd», d) «Torborg Maritime Inc.», e) «Isham Marine Corp.», f) «Axia III Holding Ltd.», g) «Praxis II Holding Ltd.» and h) «Kion Holding 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.

B) Held for sale subsidiaries classified as discontinued operations

Piraeus Bank Group held for sale subsidiary companies IMITHEA S.A. and Piraeus Bank Bulgaria A.D. that are included in discontinued operations, are analysed below. Relevant reference for the disposal procedures, for the above companies that are under process, is provided in Note 7.

s/n	Name of Company	Activity	Country	Unaudited tax years (1)	% Holding
1	IMITHEA S.A.	Organization, operation and management of hospital units	Greece	2013-2018	100.00%
2	Piraeus Bank Bulgaria A.D.	Banking activities	Bulgaria	2010-2018	99.98%

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.

There are no other subsidiaries, apart from the list of subsidiaries presented in the above table that meet the presentation requirements as discontinued operations in accordance with the relevant provisions of IFRS 5.

C) Associate companies and joint ventures (equity accounting method) from continuing operations

Associate companies

With reference to the “Investments in associates and joint ventures” of the Consolidated Interim Statement of Financial Position, the associate companies that the Group consolidates through the equity accounting method are as follows:

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	31.54%
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	2015-2018	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	Unisoft S.A.	Software manufacturer	Greece	2013-2018	26.73%
19	Piraeus Direct Services S.A.	Support and e-commerce services, trade of time renewal cards	Greece	2013-2018	49.90%
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 aforementioned companies were assessed in the context of IFRS 10 by Management. Based on the relevant assessment, the Group does not control these companies and as a result they are not subsidiaries of the Group. According to the provisions of IAS 28, the criteria for classifying these companies as associates and joint ventures are met.

In accordance with the provisions of IFRS 12, concerning the companies in which the Group's voting rights exceed 50% but are not controlled by the Group, the following shall be noted:

- The company duly numbered 1 is included in the associate companies' portfolio, due to the fact that Piraeus Bank Group exercises significant influence on the investment committee of the fund, which takes the investment decisions, but not control.
- The company duly numbered 9 is included in the associate companies' portfolio as Piraeus Bank Group exercises significant influence and not control.

Furthermore, the associate company NGP Plastic S.A. has been excluded from the consolidation, as this entity has not any available financial data.

The changes in the portfolio of consolidated companies are presented in Note 22.

Joint ventures

With reference to the "Investments in associates and joint ventures" of the Statement of Financial Position, the joint ventures that the Group consolidates are as follows:

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 company 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.

14 Due to credit institutions

Due to credit institutions as at 31/3/2019 include refinancing operations from the eurosystem through repo transactions amounting to € 1,700 million (31/12/2018: € 3,200 million). The decrease in the refinancing raised from the eurosystem is mainly due to the further deleveraging of the loan portfolio.

15 Due to customers

	31/3/2019	31/12/2018
Corporate		
Current and sight deposits	7,503	8,019
Term deposits	3,360	3,665
Guarantee deposits and other accounts	225	245
Total (A)	11,088	11,928
Retail		
Current and sight deposits	3,665	3,618
Saving accounts	15,137	15,323
Term deposits	13,837	13,737
Guarantee deposits and other accounts	31	32
Total (B)	32,670	32,711
Cheques payable and remittances (C)	80	100
Total Due to customers (A)+(B)+(C)	43,838	44,739

16 Debt securities in issue

A) Securitisation of mortgage loans

	31/3/2019	31/12/2018
Issuance € 750 million floating rate notes due 2040	10	10
Issuance € 1,250 million floating rate notes due 2054	33	34
Issuance € 600 million floating rate notes due 2051	13	13
Total debt securities in issue	57	58

From the abovementioned securitisation of mortgage loan issues, the Group possesses as at 31/3/2019 bonds of nominal value amounting to a) € 78 million (31/12/2018: € 81 million) from the issuance of € 750 million, b) € 518 million (31/12/2018: € 529 million) from the issuance of € 1,250 million and c) € 25 million (31/12/2018: € 26 million) from the issuance of € 600 million.

The Group, during the period 1/1 - 31/3/2019, has not proceeded with any buyback of bonds of securitised loans.

B) Covered Bonds

	31/3/2019	31/12/2018
Issuance € 500 million floating rate notes due 2022	471	471
Total covered bonds	471	471

From the abovementioned Covered Bond Series of € 500 million, due October 2022, issued in October 2017 and privately placed with international investors, the Group possesses as at 31/3/2019 bonds of nominal value amounting to € 30 million (31/12/2018: € 30 million).

C) Debt securities' issuances retained by Piraeus Bank

Apart from the debt securities in the table above, as at 31/3/2019 liabilities arising from securitisations of loans are retained by the Group. These issues are the first and third securitisation of corporate loans in the amount of € 1,750 million and € 2,352 million respectively, as well as the first and second consumer loan backed securitisation of € 725 million and € 558 million respectively.

On 20/7/2017, the Group proceeded with the partial cancellation of the first securitisation of corporate loans, reducing its outstanding balance from € 1,750 million to € 250 million, and on 27/11/2017 proceeded with the partial cancellation of the third securitisation of corporate loans, reducing its outstanding balance from € 2,352 million to € 235 million.

As at 31/3/2019, a total amount of € 4,030 million for the Group (31/12/2018: 4,030 million) of covered bonds issued by Piraeus Bank, are retained by the Bank. These issues are the covered bond Series 3, with an original amount of € 1,000 million, due November 2019 (original maturity February 2018), the covered bond Series 5, with an original amount of € 1,000 million, due May 2019, the covered bond Series 6, with an original amount of € 1,000 million, due July 2019, and the covered bond Series 7, with an original amount of € 1,000 million, due February 2020, which are fully retained. Furthermore, the Group possesses covered bonds of nominal value amounting to € 30 million from the issuance of € 500 million, due October 2022 (Series 4).

D) Euro Medium Term Note

Issuance under the Euro Medium Term Note program is undertaken either directly through the Bank or through Piraeus Group Finance PLC, a subsidiary of Piraeus Bank bearing the guarantee of the Bank.

The Bank has not issued any bonds under its EMTN Program during the period 1/1 - 31/3/2019.

17 Total Lease Liabilities

The Group's undiscounted gross lease liabilities are analysed as follows for the 1st quarter 2019:

	31/3/2019	31/12/2018
Up to 1 year	11	26
From 1 to 5 years	66	65
More than 5 years	102	41
Total undiscounted gross liabilities	180	132

The Group has not restated the comparative financial figures as it followed the modified retrospective approach of IFRS 16. Therefore, the comparative data presented refers to the operating lease commitments as at 31/12/2018 under IAS 17.

Concerning to the adoption of IFRS 16 from the Piraeus Bank Group, please refer to Note 25.

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

18.1 Legal proceedings

The Group is defendant in certain claims and legal actions deriving from the ordinary course of business. For the cases for which a provision has not been recognised, 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 31/3/2019, Management estimated provision for cases under litigation for which a reliable estimation could be made for the Group amounting to € 33 million (31/12/2018: € 35 million).

18.2 Pending tax audits

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

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

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

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

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

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

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

The unaudited tax years of the Group's subsidiaries, associates and joint ventures, are included in Note 13 of the Consolidated Interim Financial Information 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.

18.3 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 31/3/2019 the Group had undertaken the following credit commitments:

	31/3/2019	31/12/2018
Financial guarantees	2,921	2,788
Letters of credit	29	33
Irrevocable undrawn credit commitments	514	469
Total commitments	3,464	3,290

Irrevocable undrawn committed credit facilities as at 31/3/2019 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 31/3/2019 amounts to € 133 million (31/12/2018: € 131 million) and is included in line "Other provisions" of the Consolidated Interim Statement of Financial Position.

18.4 Assets pledged

	31/3/2019	31/12/2018
Loans and advances to credit institutions	686	646
Loans and advances to customers	1,153	1,841
Financial assets at fair value through other comprehensive income	40	39
Debt securities at amortised cost	5	5
Other assets	29	29
	1,914	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, for derivative transactions for which there are ISDA (International Swaps and Derivatives Association) contracts and CSA (Credit Support Annex) contracts, and repo transactions covered by GMRA (Global Master Repurchase Agreement) contracts.

In the context of the interbank repurchase agreement (repo) transactions, securities of a total nominal value of € 2,289 million (31/12/2018: € 2,178 million) are used for liquidity purposes. The above total includes, Greek government securities of nominal value € 840 million (31/12/2018: € 1,204 million) and own issue debt securities of nominal value € 707 million (31/12/2018: € 622 million).

On 31/3/2019, further to the above assets pledged, the Group has blocked financial assets amounting to € 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 the "Loans and advances to customers", that are presented to the above table, have been pledged under financing from the ECB.

19 Share capital and contingent convertible securities

	Share Capital	Share Premium	Contingent convertible securities	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 31/3/2019	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	-	(1,418,356)	(1,418,356)
Sales of treasury shares	-	1,332,213	1,332,213
Balance at 31/3/2019	436,659,164	(454,270)	436,204,894

The Bank's share capital as at 31/3/2019 and 31/12/2018 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 securities 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 31/3/2019 and 31/12/2018 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 repayment date.

On 31/3/2019, 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 Q1 2019, as well as the treasury shares owned as at 31/3/2019 and 31/12/2018, 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.

20 Other reserves and retained earnings

	31/3/2019	31/12/2018
Legal reserve	100	108
Extraordinary reserve	0	0
Reserve from financial assets measured at FVTOCI	126	97
Currency translation reserve	(60)	(59)
Reserve of defined benefit obligations	(27)	(27)
Other reserves	43	36
Total other reserves	183	155
Retained earnings	(10,471)	(10,499)

Other reserves movement	31/3/2019	31/12/2018
Opening balance	155	51
Change in reserve from financial assets measured at FVTOCI	29	(22)
Transfers between other reserves and retained earnings	2	(15)
Disposals	(3)	(8)
Change in reserve of defined benefit obligations	0	0
Change in currency translation reserve	(0)	149
Closing balance	183	155

Fair value through other comprehensive income reserve movement	31/3/2019	31/12/2018
Opening balance	97	119
Gains/(losses) from the valuation of bonds	39	(26)
Gains/(losses) from the valuation of shares	24	(10)
Impairment losses/ (releases) on bonds	(9)	(5)
Recycling of the valuation of disposals	(7)	15
Deferred income taxes	(18)	5
Foreign exchange differences	(0)	0
Closing balance	126	97

Retained earnings movement	31/3/2019	31/12/2018
Opening balance	(10,499)	(10,308)
Profit/ (loss) for the year after tax attributable to the shareholders of the parent entity	19	(158)
Profit/ (loss) from sales of treasury shares	(0)	(1)
Recycling of the accumulated reserve from financial assets measured at FVTOCI	-	(32)
Transfer between other reserves and retained earnings	(2)	11
Disposals and movement in participating interest	11	(11)
Closing balance	(10,470)	(10,499)

21 Related parties transactions

Related parties include:

- a) Members of the Board of Directors and the Group Executive Committee, the Group Chief Internal Auditor, the Group Chief Compliance Officer, and the CEOs of the significant subsidiaries, collectively Key Management Personnel,
- b) Close family members of the Board of Directors members and Key Management Personnel,
- c) Companies having transactions with Piraeus Bank, if the total cumulative participating interest (of members of Board of Directors, 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 issued to related parties represent an insignificant part of total loans and advances to customers at amortised cost and letters of guarantee issued by the Group. Loans and advances to customers at amortised cost and letters of guarantee have been issued to related parties in the normal course of business, within the approved credit policies and Group procedures, adequately collateralized and the risk of their repayment is within the normal course of the market conditions.

Related party transactions with the Board of Directors members and the key management personnel as well as the other related party categories as described in points (b) and (c) above, are presented in the table below. It is noted that, there were no significant transactions with the HFSF for the period 1/1 - 31/3/2019 and the year 2018.

	31/3/2019		31/12/2018	
	Board of Directors' members and key management personnel	Other related parties	Board of Directors' members and key management personnel	Other related parties
Loans and advances to customers	5	0	5	0
Due to customers	2	0	1	0
Letters of guarantee and letters of credit	-	-	-	-

	1/1 - 31/3/2019		1/1 - 31/3/2018	
	Board of Directors' members and key management personnel	Other related parties	Board of Directors' members and key management personnel	Other related parties
Income	0	0	0	0
Expense	0	0	0	0

Members of the Board of Directors and key management personnel benefits	1/1 - 31/3/2019	1/1 - 31/3/2018
Short term benefits	1	1
Post employment benefits	0	0

Short term benefits for the members of the Board of Directors and the key management personnel include wages, salaries, employers' share of social contributions and other charges. Line "Post employment benefits" includes the cost of programs for the post employment benefits.

The aggregate provisions for post employment benefits to Members of the Board of Directors and key management personnel as at 31/3/2019 amounted to € 1 million compared to € 2 million as at 31/12/2018 for the Group. The full amount of the above post employment benefits has been included in the retirement benefit obligations.

21.1 Associates

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

	31/3/2019	31/12/2018
Loans and advances to customers at amortised cost	1,055	1,062
Derivative financial assets	3	1
Other assets	4	4
Due to customers	66	84
Other liabilities	10	4

	1/1 - 31/3/2019	1/1 - 31/3/2018
Total expense and capital expenditure	(4)	(3)
Total income	11	14

The ECL allowance for impairment on loans and advances to customers granted to associate companies from the Group as at 31/3/2019 amounted to € 51 million, compared to € 87 million as at 31/12/2018.

Letters of guarantee to associates of the Group as at 31/3/2019 amounted to € 10 million (31/12/2018: € 7 million). Other liabilities as at 31/3/2019 include an amount of € 6 million, which is related to lease liabilities of real estate of Group's

associates, according to IFRS 16. Due to the fact that the Group has not implemented retrospectively IFRS 16 based on its transitional provisions, the comparative amount as at 31/12/2018 does not include lease liabilities of associates' real estate.

21.2 Joint ventures

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

	31/3/2019	31/12/2018
Loans and advances to customers at amortised cost	53	53
Other assets	1	-

	1/1 - 31/3/2019	1/1 - 31/3/2018
Total income	0	0

The ECL allowance for impairment on loans and advances to customers granted to joint ventures for the Group as at 31/3/2019 amounted to € 42 million (31/12/2018: € 42 million).

22 Changes in the portfolio of consolidated companies

The analysis of changes of the consolidated companies' portfolio during the period 1/1 - 31/3/2019 is presented below:

a) Establishment:

On 1/2/2019, 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.

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

On 4/2/2019, 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 13/2/2019, 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 22/2/2019, 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 13/3/2019, 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, 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.

c) Liquidation and disposal:

On 31/1/2019, Piraeus Green Investments S.A., 100.00% subsidiary company of Piraeus Bank was deleted from the relevant Company Registry.

On 28/2/2019, Piraeus Bank disposed of the total of its participation in its 98.83% subsidiary, Tirana Bank I.B.C. S.A. for a total consideration of € 57 million.

23 Capital adequacy

From 1/1/2014 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 for 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 4/11/2014, 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, the Group has to maintain an OCR of 14.00% (31/12/2018: 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% (31/12/2018: 3.75%) as per article 16(2) of Regulation 1024/2013/EU;
- c) the fully loaded capital conservation buffer of 2.5% (31/12/2018: 1.875%) under Greek Law 4261/2014; and
- d) the transitional Other Systemic Important Institutions (O-SII) capital buffer of 0.25% (31/12/2018: 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 and the Bank's Business Plans and
- To maintain and enhance existing infrastructures, policies, procedures and methodologies for the adequate coverage

of supervisory needs, in Greece and abroad.

The capital adequacy ratios as at 31/3/2019 and 31/12/2018 for Piraeus Bank 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:

	31/3/2019	31/12/2018
Common Equity Tier 1 Capital (CET1)	6,373	6,489
Tier 1 Capital	6,373	6,489
Total regulatory capital	6,373	6,489
Total risk weighted assets (on and off- balance sheet items)	47,346	47,554
CET1 Capital ratio	13.46%	13.65%
T1 Capital ratio	13.46%	13.65%
Total Capital ratio	13.46%	13.65%

The Total Capital Adequacy Ratio for the Group as at 31/3/2019 stood at 13.46%, equivalent to the Common Equity Tier 1 ratio. The Group's Basel III pro-forma total capital adequacy ratio after incorporating the positive effect of € 0.8 billion risk weighted assets (RWA) release from selling the subsidiary financial institution in Bulgaria and the profit for the period of Q1.2019, is standing at 13.7%. This sale is expected to be completed during the Q2.2019.

The Bank is pursuing a range of planned capital actions that are expected to enhance its capital levels and satisfy regulatory requirements. Further to organic capital generation budgeted for year 2019 and scheduled Regulatory Capital debt issuance (subordinated debt in the form of Tier II capital), Piraeus Bank's management is working on additional non-dilutive initiatives to strengthen the capital position, with an aim to create a buffer above the supervisory requirements.

24 Restatements/ reclassifications of comparative period

The restatements/ reclassifications that took place in the Consolidated Interim Income Statement, in the Consolidated Interim Statement of Comprehensive Income, in the Consolidated Interim Statement of Changes in Equity and in the Consolidated Interim Cash Flow Statement of the period 1/1 - 31/3/2018 are presented below.

The restatements in the Consolidated Interim Income Statement, in the Consolidated Interim Statement of Comprehensive Income and in the Consolidated Interim Cash Flow Statement took place mainly due to the classification of the companies Tirana Bank I.B.C. S.A. and Piraeus Bank Bulgaria A.D. as discontinued operations. During the year 2018, the Group amended the presentation of the customer loyalty cost from interest expenses and administrative expenses to commission expenses for better presentation. In addition, costs inherent to credit cards have been reclassified from administrative costs to commission expenses.

The restatement in the Consolidated Interim Statement of Changes in Equity took place due to the Management finalisation in the 2nd quarter of 2018 of the IFRS9 FTA impact assessment in June 2018.

Consolidated Interim Income Statement	1/1 - 31/3/2018		
	Published amounts	Restatements	Restated amounts
Interest and similar income	489	(11)	477
Interest expense and similar charges	(128)	4	(124)
Net interest income	360	(7)	353
Fee and commission income	93	(5)	88
Fee and commission expense	(15)	(4)	(19)
Net fee and commission income	79	(10)	69
Dividend income	0	(0)	0
Net gain/ (losses) from financial instruments measured at fair value through profit or loss	(4)	2	(2)
Results from the disposal of participation of subsidiaries and associates	4	-	4
Net gain/ (losses) from financial instruments measured at fair value through other comprehensive income	11	(0)	11
Net other income/ (expenses)	12	(0)	12
Total net income	462	(14)	448
Staff costs	(264)	5	(259)
Administrative expenses	(105)	8	(97)
Depreciation and amortisation	(28)	1	(27)
Net gain/ (losses) from sale of property and equipment and intangible assets	0	-	0
Total operating expenses before provisions	(397)	14	(383)
Profit before provisions, impairment and income tax	65	(0)	64
ECL Impairment losses on loans and advances to customers at amortised cost	(164)	1	(163)
Impairment losses on other assets	(11)	0	(11)
ECL Impairment (losses)/ releases on financial assets at fair value through other comprehensive income	15	0	15
Impairment on investment securities and participations	(18)	-	(18)
Impairment of property and equipment and intangible assets	(1)	-	(1)
Other impairment losses	0	(0)	0
Other provision releases/ (charges)	6	0	6
Share of profit/ (loss) of associates and joint ventures	(8)	-	(8)
Profit/ (loss) before income tax	(116)	1	(115)
Income tax benefit/ (expense)	35	(0)	35
Profit/ (loss) for the period from continuing operations	(81)	1	(80)
Profit/ (loss) after income tax from discontinued operations	(2)	(1)	(3)
Profit/ (loss) for the period	(83)	0	(83)
From continuing operations			
Profit/ (loss) attributable to equity holders of the Bank	(80)	1	(79)
Non controlling interest	(1)	0	(1)
From discontinued operations			
Profit/ (loss) attributable to equity holders of the Bank	(2)	(1)	(3)
Non controlling interest	(0)	(0)	(0)
Earnings/ (losses) per share attributable to equity holders of the Bank (in €):			
From continuing operations			
- Basic	(0.1825)	0.0026	(0.1799)
- Diluted	-	(0.0945)	(0.0945)
From discontinued operations			
- Basic	(0.0045)	(0.0026)	(0.0071)
- Diluted	-	(0.0037)	(0.0037)

Consolidated Interim Statement of Comprehensive Income	1/1 - 31/3/2018		
	Published amounts	Restatements	Restated amounts
CONTINUING OPERATIONS			
Profit/ (loss) for the period (A)	(81)	1	(80)
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	(33)	0	(33)
Change in currency translation reserve	3	(1)	1
Items that will not be reclassified subsequently to profit or loss			
Change in reserve from financial assets measured at FVTOCI	3	(0)	3
Change in reserve of defined benefit obligations	(1)	0	(1)
Other comprehensive income/ (expense), net of tax (B)	(27)	(1)	(28)
Total comprehensive income/ (expense), net of tax (A)+(B)	(108)	(0)	(108)
- Attributable to equity holders of the parent entity	(107)	(0)	(107)
- Non controlling interest	(2)	(0)	(2)
DISCONTINUED OPERATIONS			
Profit/ (loss) for the period (C)	(2)	(1)	(3)
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss			
Change in reserve from financial assets measured at FVTOCI	0	(0)	0
Change in currency translation reserve	(0)	1	1
Items that will not be reclassified subsequently to profit loss			
Change in reserve from financial assets measured at FVTOCI	-	0	0
Change in reserve of defined benefit obligations	0	0	0
Other comprehensive income/ (expense), net of tax (D)	0	1	2
Total comprehensive income/ (expense), net of tax (C)+(D)	(2)	0	(1)
- Attributable to equity holders of the parent entity	(2)	0	(1)
- Non controlling interest	0	0	0

Consolidated Interim Statement of Changes in Equity	Attributable to equity shareholders of the parent entity						Total	Non controlling interest	Total
	Share Capital	Share Premium	Contingent Convertible securities	Treasury shares	Other reserves	Retained earnings			
Published amounts									
Opening balance as at 1/1/2018	2,620	13,075	2,040	(0)	51	(9,959)	7,826	126	7,951
Balance as at 31/3/2018	2,620	13,075	2,040	(1)	21	(10,037)	7,718	124	7,842
Restatement									
Opening balance as at 1/1/2018	0	0	0	0	0	(349)	(349)	(0)	(349)
Balance as at 31/3/2018	0	0	0	0	0	(349)	(349)	(0)	(349)
Restated amounts									
Opening balance as at 1/1/2018	2,620	13,075	2,040	(0)	51	(10,308)	7,477	126	7,602
Balance as at 31/3/2018	2,620	13,075	2,040	(1)	21	(10,386)	7,369	124	7,493

Consolidated Interim Cash Flow Statement	1/1 - 31/3/2018		
	Published amounts	Restatements	Restated amounts
Net cash inflow/ (outflow) from operating activities	(371)	(91)	(461)
Net cash inflow/ (outflow) from investing activities	359	(9)	349
Net cash inflow/ (outflow) from financing activities	(7)	(0)	(7)
Total cash inflows/ (outflows) for the year	(19)	(100)	(119)
Effect of exchange rate fluctuations on cash and cash equivalents	(10)	(0)	(10)
Net increase/ (decrease) in cash and cash equivalents from continuing operations (A)	(29)	(100)	(129)
Net increase/ (decrease) in cash and cash equivalents from discontinued operations (B)	(81)	100	19
Cash and cash equivalents at the beginning of the period (C)	4,188	(0)	4,188
Cash and cash equivalents at the end of the period (A)+(B)+(C)	4,078	0	4,078

25 IFRS 16 “Leases” First Time Adoption Transitional Disclosures

On 1/1/2019, 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 1/1/2019.

Management commenced the IFRS 16 Program in Q2.2018. 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 1/1/2019 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 31/12/2019.

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 1/1/2019.

The Group applied IFRS 16 initially on 1/1/2019, 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 1/1/2019 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. Hence, the Group as of 31/12/2018, had a total of 389 out of 1,373 contracts with unlimited lease term and with an annual rental expense of €6 million which have been excluded from the scope as these contracts do not meet the definition of a leasing contract as provided by IFRS 16.

Management assesses at each reporting period whether it will exercise 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 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 1/1/2019 on the Group's Statement of Financial Position

Upon the adoption of IFRS 16 on 1/1/2019, the Group recognised an additional € 117 million of lease liabilities for the leasing contracts that fall within the scope of IFRS 16. 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 1/1/2019 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 these Annual Financial Statements as of 31/12/2018, to the lease liabilities recognised as of 1/1/2019 based on the provisions of IFRS 16:

	Group
Operating lease commitment at 31/12/2018 as disclosed for the Group 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.

26 Events Subsequent to the End of the Consolidated Interim Financial Information

- On 7/11/2018, Piraeus Bank reached an agreement for the sale of its shareholding in the share capital (99.98%) of its subsidiary Piraeus Bank Bulgaria AD to Eurobank Bulgaria AD. Central Bank of Bulgaria and Bulgarian Competition Committee granted their approval on 28/3/2019 and 9/5/2019 respectively, while HFSF's consent is pending.

Athens, 31 May 2019

CHAIRMAN
OF THE BOARD OF DIRECTORS

MANAGING
DIRECTOR

CHIEF
FINANCIAL OFFICER

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