# EUROBANK ERGASIAS S.A.

## FINANCIAL REPORT
## for the period from
## January 1st to June 30th, 2017

**According**
**to article 5 of Law 3556/30.4.2007**

**Table of Contents**

***I. Statements of the members of the Board of Directors***
***(according to the article 5, par.2 of the Law 3556/2007)***

## Statements of Members of the Board of Directors
## (according to the article 5, par. 2 of the Law 3556/2007)

We declare that to the best of our knowledge:

- the financial statements for the six months period ended 30 June 2017, which have been prepared in accordance with the applicable accounting standards, present fairly the assets, liabilities, equity and results of the Bank and the companies included in the consolidation, and

- the report of the Board of Directors for the same period presents fairly the information required under paragraph 6 of article 5 of Law 3556/2007.

.

Athens, 29 August 2017

| | | |
|---|---|---|
| **Nikolaos V. Karamouzis** | **Fokion C. Karavias** | **Stavros E. Ioannou** |
| I.D. No AB – 336562 | I.D. No AI - 677962 | I.D. No AH - 105785 |
| CHAIRMAN OF THE BOARD OF DIRECTORS | CHIEF EXECUTIVE OFFICER | DEPUTY CHIEF EXECUTIVE OFFICER |

## *II. Interim Directors' Report*

## REPORT OF THE DIRECTORS

The directors present their report together with the accounts for the six months ended 30 June 2017.

**Profit or Loss**

The net profit attributable to Eurobank (or "the Bank") shareholders for the first half of 2017 amounted to €76m (first half 2016: €106m profit) as set out in the consolidated income statement on page 2.

**Financial Results Review**[1]

In June 2017, the completion of the second review of Greece's current economic adjustment program has improved the economic environment and market expectations, as it reduced the uncertainties and risks that prevailed during the first months of 2017, which had a negative impact on the economic expansion and the business activity. In this demanding context, the Group remained profitable in the first half of 2017, improved further its capital and liquidity position and reduced the Non Performing Exposures (NPEs) stock in line with its main objectives.

As at 30 June 2017 total assets, following the deleveraging, amounted to €64.0bn (Dec. 2016: €66.4bn). At the end of June 2017 gross customer loans reached €50.1bn (Dec. 2016: €50.7bn), of which €42.4bn in Greece and €7.7bn in International Operations. Business (wholesale and small business) loans stood at €26.4bn (Dec. 2016: €26.5bn) and accounted for 53% of total Group loans, while loans to households reached €23.7bn (Dec. 2016: €24.2bn), with mortgage portfolio constituting 35% and consumer loans 12% of the total portfolio. During the first half of 2017, deposits from Greek operations increased by €0.3bn to €23.7bn with the second quarter recording a rise of €0.7bn, more than offsetting the outflows of the first quarter, mainly driven by the improvement in depositors' sentiment after the successful completion of the second review of the program. In addition, deposit balances from International Operations decreased by €0.2bn to €10.4bn. Group deposits reached €34.1bn (Dec. 2016: €34.0bn) and as a result, the (net) loan–to–deposit (L/D) ratio stood at 114% for the Group (Dec. 2016: 115%). As at 30 June 2017, the Bank's dependency on Eurosystem financing facilities stood at €13.8bn, of which €11.2bn funding from Emergency Liquidity Assistance (ELA) mechanism (Dec. 2016: €13.9bn, of which €11.9bn funding from ELA). As at 31 July 2017, the Eurosystem funding decreased further to €12.5bn, of which €9.9bn funding from ELA, mainly as a result of selective asset deleveraging, increased repo transactions and deposit inflows. In the same context, the Bank also reduced its participation in the second stream of the Hellenic Republic's liquidity support plan (bonds guaranteed by the Greek Government) from a face value of €2.5bn on 31 December 2016 to a face value of €1.5bn on 30 June 2017.

In the context of the European Stability Mechanism (ESM)/ European Financial Stability Facility (EFSF) decision for the implementation of the short-term Greek debt relief measures and the relevant Board of Directors (BoD) decision on 20 January 2017, the Bank has entered into an agreement with the EFSF, the Hellenic Republic, the Hellenic Financial Stability Fund (HFSF) and the Bank of Greece (BoG) on 16 March 2017 for the exchange of the EFSF floating rate notes, which had been used for the recapitalization of the Greek banking system, at their book value, with either cash or fixed rate ones with a longer maturity, which would be sold back, after a short holding period, to EFSF. In the first half of 2017, the Bank exchanged floating rate EFSF notes of face value of €2.5bn with fixed rate EFSF notes of equivalent face value, out of which notes of face value of €2.1bn were sold back to the EFSF. The above transactions had no effect in the Bank's income statement (note 15 of the consolidated financial statements).

Within a still challenging business environment, the six months' pre-provision Income (PPI), decreased by 3.9% to €497m, due to lower other income (first half of 2016: €517[2]m, including the €53m gain arising from the VISA Europe shares sale transaction and the €55m gain on the acquisition of the Alpha Bank's Branch in Bulgaria). Net interest income (NII) remained stable to €771m, carrying the positive effect from the lower funding cost due to the reduction in the cost of deposits, the lower dependency from the ELA mechanism and the decreased utilisation of Pillar II bonds (Law 3723/2008) as collateral for secured funding and the negative impact from loan deleveraging and lower lending spreads. Net interest margin (NIM) stood at 2.4% (first half 2016: 2.2%[2]) with second quarter reaching 2.43%. Fees and commissions amounted to €140m (first half 2016: €117[2]m) with improved capital markets fees and lower Greek Government guarantees related expenses. Trading and other activities recorded €75m gain (first half 2016: €131[2]m gain), including a) the €35m gain from credit risk valuation adjustment on derivatives with the Hellenic Republic as a result of the improvement in the short term tenors of Greek sovereign credit default swaps, b) the €24m gains

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

[2] Comparative figures have been adjusted to exclude Grivalia subgroup operations, which have been classified as held for sale as of June 2017.

arising from the sale of available-for-sale (AFS) shares and mutual funds and c) €16m gains on the sale of bonds positions. Cost containment efforts and initiatives continued and operating expenses were reduced amounting to €489m compared to €502[2]m in the first half of 2016, with the cost to income (C/I) ratio for the Group reaching 49.5% (first half 2016: 49.2%[2]), while the International Operations C/I ratio stood at 47.2%[3] (first half 2016: 45.5%[2]).

During the first half 2017, the new 90days past due loans (formation) was positive amounting to €245m (first quarter: €154m, second quarter: €91m), compared to €26m in the first half 2016 (first quarter 2016: €42m, second quarter 2016: €16m negative) while NPEs formation, amounted to €265m negative (first quarter 2017: €72m negative, second quarter 2017: €193m negative), compared to €862m positive in the first half of 2016 (first quarter 2016: €371m, second quarter 2016: €492m). As at 30 June 2017, 90days past due loans slightly decreased, mainly through write offs, to 34.6% of gross loans (end 2016: 34.7%) while NPEs were reduced to 44.1% of gross loans (end 2016: 45.2%). Loan provisions (charge) reached €372m or 1.9% of average net loans (first half 2016: €398m or 2.0%), driving the coverage ratio for 90 days past due portfolio to 65.3% (Dec. 2016: 66.1%) and the coverage ratio for NPEs to 51.1% (Dec. 2016: 50.7%).

The Group recognised in the first half of 2017 other impairments losses, provisions and restructuring costs amounting to €26m (first half 2016: €54[2]m), of which €12m related to the investment property portfolio and repossessed assets and €13m impairment losses on other assets and provisions on litigations and other operational risk events. Furthermore, for the operations of Grivalia subgroup, which have been classified as a disposal group held for sale, the Group recorded a profit of €11m after tax (including a deferred tax liability (DTL) of €3.4m on the taxable temporary differences (capital gains) associated with the investment in Grivalia Properties R.E.I.C.), which is almost entirely attributable to non controlling interests (discontinued operations, including Ukraine and insurance subsidiaries in first half 2016: €31m profit, of which €8m is attributable to non controlling interests).

Overall, in the first half of 2017, the Group remained profitable, well supported by the steadily profitable International Operations, the improved core pre-provision income and effective NPEs management. Net profit attributable to shareholders amounted to €76m (first half 2016: €106m profit) while International business from continued operations recorded a net profit amounting to €71m (first half 2016: €58m). The Group's Common Equity Tier 1 (CET1) capital amounted to €6.8bn and accounted for 17.4% of Risk Weighted Assets (RWA) at the end of June 2017 (Dec. 2016: 17.6%). Respectively, the Group's CET1 as at the same date, based on the full implementation of the Basel III rules in 2024 (fully loaded CET1), would have been 14.1% (Dec 2016: 13.8%), while the respective proforma ratio with the disposal of Grivalia subgroup would have been 14.4%.

Going forward, the Group, in the context of the improved domestic economic environment following the completion of the second review of the program and the return to positive economic growth rate, is on track to achieve its objectives for 2017 and particularly the reduction of NPEs along the lines of the plan agreed with the Single Supervisory Mechanism (SSM) and the sustainable profitability based mainly on the following initiatives and actions:

a) Gradual restoration of normalised funding structure with return of a part of deposits lost in previous years and further re-access to the money markets as a result of improving economic outlook,
b) Potential to implement further cost initiatives, such as the ongoing Greek and International operations' branch network rationalization, the optimization of front, middle and back office operations, the review of outsourcing and in-sourcing opportunities for certain functions and the scalable information technology (IT) platform/digital transformation,
c) Funding cost reduction, through the continuing decrease of expensive ELA dependency, the further reduction/ elimination of fees paid for Greek Government Guarantees (Pillar II of Law 3723/2008) and the further decline in deposit rates, as a result of the improvement of investor sentiment,
d) Fee and commission income recovery as a result of the expected increase of the economic activity,

[3] International Operations: Operating expenses: €133m, (first half 2016: €134[2]m), Operating income: €283m (first half 2016: €294[2]m).

e) Active management of NPEs, through i) the Bank's internal infrastructure, ii) the realisation of strategic partnerships to manage/service parts of loan portfolio, iii) the important legislative changes that have taken place, iv) the execution of sales' transactions for selective portfolios of NPEs and v) the improvement of macroeconomic environment, and
f) Selective lending of healthy and internationally competitive enterprises.

**Restructuring Plan**
On 29 April 2014, the European Commission (EC) approved the Bank's restructuring plan, as it was submitted through the Greek Ministry of Finance on 16 April 2014. In addition, on 26 November 2015, the EC approved the Bank's revised restructuring plan in the context of the recapitalization process in 2015. Further information on the principal commitments to be implemented by the end of 2018, their status as at 30 June 2017 and potential effect on Group operations is presented in note 6 of the consolidated financial statements for the year ended 31 December 2016 and in note 6 of the consolidated financial statements for the period ended 30 June 2017.

<u>Grivalia subgroup classified as held for sale</u>
In June 2017, Grivalia subgroup (Grivalia Properties R.E.I.C. and its subsidiaries) was classified as a disposal group held for sale, as the sale of the Bank's entire holding of 20% in the share capital of Grivalia Properties R.E.I.C. was considered highly probable.

The held for sale operations of Grivalia subgroup include: a) Grivalia Properties R.E.I.C. and its subsidiaries in Greece and Luxembourg, which are presented in other operations segment, and b) Grivalia's subsidiaries in Romania and Serbia, which are presented in International segment.

On 4 July 2017, the Bank announced the successful sale of its shareholding in Grivalia Properties R.E.I.C., via an institutional private placement by way of an accelerated bookbuild offering to institutional investors at a price of €8.80 per share, for a total cash consideration of €178m. The transaction, which was in line with the Bank's restructuring plan, was capital accretive for the Group, as it increased its CET 1 ratio (based on the full implementation of the Basel III rules) by 30 bps, mainly due to deconsolidation of RWA of circa €875m (note 13 of the consolidated financial statements).

<u>Voluntary Exit Scheme (VES)</u>
The implementation of the VES, which was designed for the Group's employees in Greece in the context of the implementation of the Bank's restructuring plan and in line with the related principal commitments described therein, commenced in the second quarter of 2016 and is expected to be completed within the following months (note 24 of the consolidated financial statements).

**Monitoring Trustee**
The Memorandum of Economic and Financial Policies (MEFP) of the Second Adjustment Program for Greece between the Hellenic Republic, the EC, the International Monetary Fund (IMF) and the European Central Bank (ECB) provides for the appointment of a monitoring trustee in all banks under State Aid.

Grant Thornton S.A. was appointed as the Bank's Monitoring Trustee (MT) on 22 February 2013, with the mandate of the MT been subsequently amended and extended on 29 May 2014. The MT monitors the compliance with the commitments on corporate governance and commercial operational practices, and the implementation of the restructuring plan and reports to the EC.

**International Activities**
Eurobank has established a substantial presence in 5 countries outside Greece. In Cyprus, it offers Wholesale Banking, Private Banking and Asset Management services, in Luxembourg it provides Private Banking operations, in Romania, Bulgaria and Serbia offers Retail, Corporate, Asset Management and Investment Banking services through a network of more than 400 retail and corporate units and has a presence in London.

Especially in Bulgaria, Group strengthened its position though the acquisition of the Alpha Bank's Branch by Eurobank Bulgaria A.D. ("Postbank") in 2016. Being the top Greek bank in Bulgaria and aiming to improve its service to Greek corporate clients, Postbank established the "Greek desk" in June 2017.

**Amendment of Law 4172/2013**
The amendment of Law 4172/2013, which was voted by the Greek Parliament in March 2017 with effect from 2016 onwards, revises the existing legislative framework regarding eligible deferred tax assets (DTAs)/deferred tax credits (DTCs) accounted for on the accumulated provisions and other losses in general due to credit risk and reforms tax regime for loan losses. More specifically, the cumulative DTC will be calculated by applying the current corporate tax rate (on condition that this will not exceed the tax rate that was applicable for tax year 2015, i.e. 29%) on the sum of (i) the unamortized part of the crystallized loan losses from write-offs and disposals (ii) the accounting debt write-offs and (iii) the remaining accumulated provisions recorded up to 30 June 2015.

The above tax reform provides for a gradual amortization over a 20 year period of the crystallized tax loss arising from Non-Performing Loans (NPLs) write-offs and disposals, maintaining the DTC status during all this period, while it disconnects the accounting write-offs from crystallized debt write-offs.

This aforementioned treatment (i.e. extension of the loan loss utilization for a longer period instead of an immediate one-off deduction subject to a 5 year carry forward limitation period) safeguards the recovery of the deferred tax asset recorded on NPLs.

The new rules related to the method of calculating the DTC safeguard the Bank's regulatory capital structure, while they contribute substantially to the achievement of the NPEs reduction targets, through the acceleration of write-offs and disposals.

In May 2017, according to article 82 of Law 4472/2017, which further amended article 27A of Law 4172/2013, an annual fee of 1.5% is imposed on the excess amount of deferred tax assets guaranteed by the Greek State, stemming from the difference between the current tax rate (i.e. 29%) and the tax rate applicable on 30 June 2015 (i.e. 26%). For the period ended 30 June 2017, an amount of €10m has been recognized in the income statement of which an amount of €7m refers to the respective fee for the year 2016.

**Risk management**
The Group acknowledges that taking risks is an integral part of its operations in order to achieve its business objectives. Therefore, the Group's management sets adequate mechanisms to identify those risks at an early stage and it assesses their potential impact on the achievement of corporate objectives.

Due to the fact that economic, industry, regulatory and operating conditions will continue to change and evolve, risk management mechanisms are set in a manner that enables the Group to identify and deal with the risks associated with those changes. The Bank's structure, internal procedures and existing control mechanisms ensure both the independence principle and the exercise of adequate supervision.

Group's management considers effective risk management as a top priority, as well as a major competitive advantage, for the organization. As such, the Group has allocated significant resources for upgrading its policies, methods and infrastructure, in order to ensure compliance with the requirements/guidelines of ECB, of European Banking Authority (EBA) and of Basel Committee for Banking Supervision (BCBS). The Group implements a well-structured credit approval process, independent credit reviews and effective risk management policies for credit, market, liquidity and operational risk, both in Greece and in each country of its international operations. The risk management policies implemented by the Bank and its subsidiaries are reviewed annually.

Finally, the maximum amount of risk which the Group is willing to assume in the implementation of its strategic objectives is articulated via a set of quantitative and qualitative statements for specific risk types, including specific tolerance levels, as described in the Group's Risk Appetite Framework. The objectives are to support the Group's business growth, balance a strong capital position with higher returns on equity and to ensure the Group's adherence to regulatory requirements.

Further information on the Group's financial risk management objectives and policies, are set out in notes 2, 7 and 23 of the consolidated financial statements for the year ended 31 December 2016.

**Non Performing Exposures (NPEs) management**

A strategic priority for Eurobank remains the active and effective management of NPEs with the aim to substantially reduce the NPEs stock in accordance with its operational targets agreed with the supervisory authorities, leveraging on its internal infrastructure, the important legislative changes and the external partnerships that have taken or are expected to take place.

Troubled Assets Group (TAG) General Division

Following the Bank of Greece Executive Committee's Act No.42/30.5.2014 as amended by Act No.47/9.2.2015 and Act No.102/30.8.2016 that details the supervisory directives for the administration of exposures in arrears and non-performing loans, the Bank has proceeded with a number of initiatives to adopt the regulatory requirements and empower the management of troubled assets. In particular, the Bank transformed its troubled assets operating model into a vertical organizational structure through the establishment of the Troubled Assets Committee (TAC) and Troubled Assets Group General Division (TAG). TAG structure is completely segregated from the Bank's business units both in terms of account management, as well as credit approval process. Further information is presented in note 7.2 to the consolidated financial statements for the year ended 31 December 2016.

The target of the operating model is to reinstate customers' solvency, reduce overall handling costs for delinquent accounts and improve the portfolio profitability by maintaining low portfolio delinquency rates and facilitating negotiations with delinquent customers. In order to ensure the efficient management of the troubled assets portfolio, more than 2,500 full-time equivalent employees are involved in NPLs management operations across the Bank, of whom ca 1,250 are dedicated professionals within the various TAG operating units. TAG, by employing best-in-class strategies, tools, technical resources and human capital, aims to significantly contribute to the Group's profitability, in a socially responsible manner. To this end, the main actions undertaken by TAG in the first half of 2017 were the following:

a) Similarly with the second half of 2016, TAG has overall exceeded in the first half of 2017 the key regulatory targets for NPEs reduction.
b) Continued and strengthened the strategic focus towards long-term viable restructuring solutions, offered through a wide array of products, segmentation criteria and decision trees.
c) A set of dynamic decision-support systems were developed in the context of managing the troubled portfolios that aim to improve decision making, facilitate the offering of optimum solutions and limit uncertainty.
d) Reorganization and reinforcement of the key functions of the General Division in order to accommodate the new legislative developments towards the reduction of NPEs and to ensure the efficient management of the troubled assets portfolio.
e) Staff was further developed through additional training programs and e-learning courses.
f) In May 2017, Pillarstone, the platform setup by Eurobank, KKR and Alpha Bank, was granted an operating license as a servicer from BoG, pursuant to the law 4354/2015, which is expected to facilitate the on boarding of assets.
g) Evolved and further developed a comprehensive program for the purpose of supporting and monitoring, in a structured manner, all business and IT actions and initiatives serving the reduction of non-performing exposures, which is a top priority for the Bank.
h) Participated in key interbank initiatives with the coordination of Hellenic Bank Association to establish a solid governance framework and a collaborative partnership among all banks.

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

In the first quarter of 2017, the company's purpose as defined in its articles of association was amended and its name was changed from Eurobank Financial Planning Services S.A. to Eurobank FPS Loans and Credits Claim Management S.A. Following the above, the company obtained a license from the BoG that allows it to operate as an independent servicer of loans granted by credit or financial institutions pursuant to the Law 4354/2015.

Operational targets for NPEs

In line with the national strategy for the reduction of NPEs, the BoG, in cooperation with the supervisory arm of the ECB, has designed an operational targets framework for NPEs management, supported by several key performance indicators. Pursuant to the said framework, the Greek banks submitted at the end of September 2016 a set of NPEs operational targets together with a detailed NPEs management strategy with a 3-year time horizon, which were formed on the basis of key macroeconomic assumptions. The supervisory authority reviews the course to meeting the operational targets on a quarterly basis.

In accordance with the latest BoG report issued in June 2017, the Greek banks managed in total to meet the targets for the reduction in the stock of NPEs. More specifically, at the end of March 2017, the stock of NPEs (excluding off-balance sheet items) amounted to €103.9bn or €1.4bn lower than the targeted amount. With respect to the target for the stock of NPLs (90 days past due loans), their balances stood at €75.2bn slightly higher by approximately €0.5bn than the targeted amount.

Legal framework
In the first months of 2017, significant legislative changes towards the reduction of NPEs include the amendment of Law 4172/2013 for lifting tax-related impediments, the voting of Law 4469/2017 for the out-of-court workout mechanism for businesses, as well as a law (Law 4472/2017) on e-auctions and on the regulation of the Bank Executives' legal responsibilities for NPEs workouts.

Further information in relation to the NPEs operational targets of the Greek banking system, the key risks and the Bank's NPEs strategy is provided in the note 7.2 of the consolidated financial statements for the year ended 31 December 2016.

**Macroeconomic Outlook and Risks**
On 22 May 2017, a preliminary technical agreement was reached between Greece and the Institutions in the context of the second review of the Third Economic Adjustment Programme (TEAP), which had officially started in October 2016. On 15 June 2017, the Eurogroup welcomed the Staff Level Agreement (SLA) reached between Greece and the Institutions after the implementation of a series of prior actions including structural reforms and fiscal structural measures amounting to ca 2% of GDP for the post program period. The SLA paved the way for the release of the next loan tranche to Greece under the existing adjustment program, amounting to €8.5bn in two sub-tranches, for debt servicing needs and arrears clearance. The first sub-tranche of €7.7bn has already been disbursed. The second sub-tranche of €0.8bn will be disbursed in September 2017 conditional on the significant progress by the Greek authorities towards the clearance of the general government arrears to the private sector that amounted at €6.7bn at the end of April 2017. According to the ESM the total amount disbursed to Greece so far – including the aforementioned sub-tranche – amounts to €39.4bn out of a total ESM loan of €58.6bn. The total ESM loan amount available for Greece was reduced from €86.5bn (August 2015) to €58.6bn due to the lower bank recapitalization needs and the better than previously expected 2016 primary surplus realization.

The aforementioned developments led to the upgrade of the Greek sovereign rating by Moody's from Caa3 to Caa2 on 23 June 2017. S&P on 21 July 2017 revised its outlook on Greece to positive from stable and kept its rating unchanged. More recently, on 18 August 2017, Fitch Ratings upgraded Greece's sovereign rating to B- from CCC, citing reduced political risk and sustained GDP growth. On the back of these positive developments, the Greek Government issued a €3.0bn 5-year syndicated bond on 25 July 2017 at a yield of 4.625% for the first time since July 2014. The proceeds of the bond issue will be used for further liability /debt management and for the build-up of a state cash buffer in the context of the 15 June 2017 Eurogroup's decisions.

The IMF's participation in the TEAP in principle i.e. with no financial envelope until the end of the current program, even though important, signalled the Fund's considerations over the sustainability of the Greek public debt and the postponement of the implementation of further debt relief measures. According to the 15 June 2017 Eurogroup's decisions, the further quantification of the medium term debt relief measures and their implementation, if necessary, is expected to take place after the successful conclusion of the current program in August 2018. It is reminded that, the conclusion of the first review of the TEAP led to the implementation of the short-term debt relief measures from 20 January 2017 onwards. The latter measures aim to reduce interest rate risk for Greece and to ease the country's repayment burden.

On the fiscal front, according to the most recent Hellenic Statistical Authority (ELSTAT) data on fiscal balance, the 2016 primary surplus was at 3.9% of GDP (European System of National and Regional Accounts-ESA 2010). According to the Greek government and the EC, the 2016 primary surplus in program terms was at 4.2% of GDP outperforming both the TEAP (0.5%) and the budget (1.1%) targets. Under the TEAP, the primary balance for 2017 and 2018 is expected at 1.75% and 3.5% of GDP respectively. The TEAP's 2017 primary balance target is attainable conditional on no major negative surprises on the revenues and / or expenditures of the 2017 Budget in the upcoming months. Based on the most recent budget execution data the primary balance for the January-July 2017 period recorded a surplus of ca €3bn or 1.7% of GDP, (outperforming the respective 2017 Budget target of €2.1bn or 1.2% of GDP). The achievement of sustainable primary surpluses for the period ahead constitutes a necessary condition for the implementation of the medium and long term measures enhancing the sustainability of public debt, as decided on the Eurogroup of 24 May 2016.

The current account, according to the IMF was at -0.6% of GDP in 2016 from 0.1% of GDP in 2015. It continued on an improving pattern compared to its 2008 respective performance (deficit of 15.1% of GDP) due to tourism revenues, the decline of imports and the positive effect of the PSI (2012) debt relief measures on the income account. The current account is expected at -0.3%, and 0.0% of GDP for 2017 and 2018 respectively.

Based on ELSTAT data, the unemployment rate in April 2017 was 21.7% (April 2016: 23.6%) and had decreased by approximately 6.2ppts since the peak of July 2013 (27.9%), pointing towards a slow path of decline, conditional on no unforeseen negative developments in the upcoming period. According to the 2017 Spring EC forecasts, the unemployment rate is expected at 22.8%, and at 21.6% for 2017 and 2018 respectively.

The ongoing deleveraging in the Greek economy can be considered as a major drag for recovery. According to the latest available data from the BoG, i.e. in July 2017, the private sector domestic credit balance stood at €188.8bn from €194.7bn in December 2016, a decrease of -3.1%. On the other side of the ledger, private sector domestic deposits amounted to €121.2bn in July 2017 from €121.4bn in December 2016, registering a decrease of -0.1%. The recovery of deposits is closely related with the timely and successful conclusion of the upcoming reviews of the TEAP and the return of the country to a sustainable growth path.

Risks continue to surround the near-term domestic economic outlook. The unemployment rate remains very high and follows a slowly decreasing path. At the same time, the country was in a deflationary territory for 37 out of the last 50 consecutive months from late-2011 onwards. According to the most recent data, the general price level (the harmonized index of consumer prices "HICP") recorded an increase of ca 0.9% in June 2017 from 0.2% in June 2016. In 2015, real GDP declined by -0.2% on an annual basis on the back of the increased uncertainty over the conclusion of the last review of the Second Economic Adjustment Program (SEAP), the expiration of the program at the end of June 2015 without tangible positive results, the imposition of capital controls, and the need for a new bank recapitalization process. In 2016 real GDP was at 0.0% on an annual basis, driven by private consumption while all other expenditure-side components exerted a negative contribution. According to the 2017 Spring EC forecast, real GDP growth 2017 and 2018 is expected at 2.1% and 2.5% respectively conditional on the prompt TEAP implementation, the timely successful conclusion of the upcoming reviews of the program, ownership of reforms and a benign external environment.

Regarding the economic developments in the region, a number of national statistics offices across South-eastern Europe released second estimates of GDP growth for the first quarter of 2017 which confirmed a solid start for the region in the year. According to the recent detailed data for all the economies, the increase of private spending continued throughout the first quarter of 2017 despite local political uncertainties and the spike of headline inflation. The sustained consumer sentiment gains, the eased financial conditions, and the improved labour markets combined with robust real wage dynamics boost consumer spending, a trend that will most likely continue throughout the rest of the year. Although headline inflation rates across the region have rebounded from recent low levels, price pressures remain relatively subdued allowing local Central Banks to maintain an accommodative stance and delay the tightening process further. Meanwhile, external imbalances also remain under control despite the upward trend on the imports side. On the other hand, the underperformance of European Union (EU) funded projects kept investment spending below expectations, a trend that will be expected to change in the second half of 2017 allowing for fiscal policy to become more growth supportive.

At a country level, Bulgaria is expected to register a second consecutive year of strong-above potential-growth in 2017. Private consumption dynamics are broadly set to remain strong as the economy benefits from low energy prices, an improving labour market, strong wage growth, a vibrant export oriented manufacturing sector and an emerging tourism destination. The incoming government coalition has vowed to accelerate the application to Exchange Rate Mechanism 2 (ERM2) on top of the efforts by the caretaker government before the elections of late March 2017. Joining the ERM2 for a period of at least two years is a formal prerequisite for Euro area membership. Currently, Bulgaria fulfils most of the nominal convergence criteria for Euro area entry.

In Cyprus, growth is expected to accelerate to around 3% in 2017-2018, up from 2.8% in 2016 and 1.7% in 2015 driven primarily by private consumption. The consumption rebound is driven by the strong sentiment improvement reflecting the lasting progress within the program, the flourishing tourism sector, the improved labour market conditions, the further property market stabilization, the impact from the envisaged fiscal relaxation and the further normalization of banking sector conditions. Following the latest round of sovereign rating assessments, major rating agencies appear to continue having divergent views on Cyprus. In particular, Cyprus' sovereign rating distance from investment grade status is: one notch for S&P (currently at BB+), four notches for Moody's (currently at B1), and three notches for Fitch (currently at BB-).

In Romania, in the first quarter of 2017, the very strong and above consensus expectations growth rates (+5.6% on an annual basis) has set the foundations for GDP growth in 2017 to reach or even exceed last year's performance 4.8%. Growth is largely driven by private consumption, financed by an expansionary fiscal policy and leads to a revival of macroeconomic imbalances. The unitary public wage law, which will result in significant increases of wages in the public sector in the following years, is expected to weigh on fiscal metrics. In addition, the new government has pledged to reform taxation system and increase the minimum wage in 2018, which may result in significant competitiveness losses.

In Serbia, despite a temporary slowdown in first quarter of 2017, mainly attributable to adverse weather conditions, real GDP growth is expected to accelerate further to 3.0% in 2017 up from 2.8% in 2016, as last year's positive trends are likely to continue. Economic activity is anticipated to become increasingly supported by private consumption, while net exports and investments are expected to remain robust. There is a substantial upside potential in the economy provided that the momentum in the areas of reforming business environment, prudent budget execution and thorough restructuring of state-owned enterprises is sustained.

Regarding the outlook for the next 12 months, the main risks and uncertainties stem from the current macroeconomic environment in Greece. In particular, risks include: a) the possible delays in the implementation of the reforms' agenda in order to meet the next targets and milestones of the TEAP, b) the impact on the level of economic activity from the fiscal and social security-related measures agreed under the reviews of the TEAP, c) the timing of a full lift of restrictions in the free movement of capital and the respective impact on the level of economic activity, d) the possible slow pace of deposits inflows, and/or possible delays in the effective management of NPEs as a result of the challenging macroeconomic conditions in Greece and e) the geopolitical conditions in the broader region and the external shocks from a slowdown in the global economy. Materialization of those risks would have potentially adverse effects on the liquidity and solvency of the Greek banking sector. Continuation of the weak economic activity could affect the prospects of the Greek banking system leading to the deterioration of asset quality, prolongation of increased dependence on Eurosystem funding, particularly on the expensive ELA mechanism, and further pressures on the revenue side from increased funding cost and lower fees and commission income.

On the other hand, the successful completion of the second review of the TEAP will help reinstating depositors' confidence and thus accelerate the return of deposits and it will facilitate the faster relaxation of capital controls and it will positively influence the financing of the economy. The decisive implementation of the reforms agreed in the context of the TEAP, the implementation of further debt relief measures in accordance with 24 May 2016 Eurogroup decisions, the mobilization of EU funding to support domestic investment and job creation, the attraction of foreign and domestic capital and the adoption of an extrovert economic development model would facilitate the restoration of confidence in the prospects of the Greek economy and the further stabilization of the domestic economic environment, which are necessary conditions for the return of the country to a strong and sustainable growth path.

**Ordinary Share Capital**

As at 30 June 2017, following the share capital increase (SCI) of the Bank in November 2015, the ordinary share capital amounted (and amounts up to date) to €655,799,629.50, divided into 2,185,998,765 ordinary voting shares of a nominal value of €0.30 each, which represents 40.84% of the total share capital of the Bank.

All ordinary shares are registered, listed on the Athens Stock Exchange and incorporate all the rights and obligations set by the Greek legislation (note 25 to the consolidated financial statements).

As at 30 June 2017, the percentage of the ordinary shares of the Bank held by the HFSF amounted to 2.38%. According to the Law 3864/2010 as in force, HFSF has restricted voting rights[4].

**Preference Share Capital**

As at 30 June 2017, the preference share capital amounted (and amounts up to date) to €950,125,000 divided into 345,500,000 registered non-voting preference shares with nominal value €2.75 each, issued under Law 3723/2008, which represent 59.16% of the total share capital of the Bank. All the preference shares are tangible, non-listed, non-transferable and confer upon the Hellenic Republic (as exclusive owner) the following rights:

a) to collect a non-cumulative coupon of 10% of the subscribed by the Hellenic Republic capital. Five years after the issue of the preference shares, the Bank may redeem the preference shares at their offer price. If such redemption is not possible, because the Bank's capital adequacy ratio would fall below the minimum requirements set by the BoG, the preference shares will be converted into ordinary shares or shares of any other class existing at the time of the conversion following a decision of the Minister of Finance and after a recommendation by the Governor of the BoG and on condition that at the expiry of the five year period, the Bank will have submitted, and the Minister of Finance will have approved, further to a recommendation by the Governor of the BoG, a restructuring plan of the Bank pursuant to the legislation as in force. The conversion ratio will take into account the average market price of the Bank's ordinary shares during the calendar year preceding such conversion. In case of non-redemption at the expiration of the five year period, the coupon is gradually increased by 2% each year, following relevant decision by the Minister of Finance, upon recommendation of the BoG,
b) to preferential reimbursement, in priority to all other shareholders and pari passu with the HFSF (under Law 3864/2010), from the proceeds of the Bank's liquidation, in the event the Bank is liquidated, and
c) to participate in the Bank's BoD via a representative who may be appointed as an additional member of the Board and has the following rights: i) veto strategic decisions and decisions which alter substantially the legal or financial position of the Bank and require the General Meeting's approval or veto decisions related to the distribution of dividends and the remuneration policy towards the members of the BoD and the General Managers and their deputies pursuant to a relevant resolution of the Minister of Finance or in the event such representative judges that the decision may jeopardize the interests of the depositors or materially affect the solvency and the orderly operation of the Bank; ii) attend the General Meetings of shareholders and veto discussions and decisions regarding the aforementioned issues and iii) freely access to the Bank's books and records, the restructuring and recovery plans, the plans for Bank's mid-term finance needs and data regarding the level of loans granting in real economy.

Furthermore, pursuant to the provisions of article 80 of the new Law 4484/2017 (Government Gazette A' 110, 1 August 2017), after the expiration of the five-year period, the redemption of the preference shares in whole or in part is allowed, in consideration for cash or Tier II capital instruments as defined in Regulation 575/2013, or a combination thereof, having received the supervisory authority's consent. In case the issuance of Tier II capital instruments is opted for the redemption (exchange), they should satisfy the following conditions:

a) their nominal value should be calculated on the basis of the initial offer price of the preference shares,
b) their features should satisfy the conditions of Regulation 575/2013 applicable to Tier II instruments, and especially article 63 thereof,

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

c) they have a maturity of ten years and the issuer has an option, exercisable at the issuer's sole discretion, to call or redeem or repurchase or early repay the instruments after five years from their issuance with the approval of the regulatory authority,
d) they may be early repaid prior to five years from their issue date subject to approval by the regulatory authority and provided a tax event or a regulatory event, as defined in article 78 par. 4 of Regulation 575/2013, has occurred,
e) their repayment after five years from their issue date and until maturity, as well as in the circumstances contemplated in (d) above, shall be made at their nominal value,
f) upon redemption or early repayment of the instruments, accrued interest thereon in respect of the relevant interest period shall always be payable,
g) their nominal interest rate (coupon) shall be fixed and interest shall be payable semi-annually at the last day of the sixth and twelfth month each year. In relation to the first payment, the interest rate is calculated by reference to the time period remaining until the end of the earlier of any of the above dates, if it is less than six (6) months,
h) the interest rate is calculated on the basis of the average yield of the 10-year reference bond of the Hellenic Republic at the first fifteen (15) days of June 2017 plus fifty (50) basis points and cannot be lower than 6%, and
i) they will be freely transferable and may be listed on a regulated market.

The request to redeem the preference shares in accordance with the above mentioned conditions is submitted to the Minister of Finance, who issues a relevant decision in compliance with the state-aid rules of the E.U. If the redemption is made through an exchange with Tier II capital instruments, an agreement signed between the Minister of Finance and the Bank is entered into to provide for, among others, the specific terms of such instruments, and any other detail relevant to the above transaction.

Taking into consideration that under the existing regulatory framework, the preference shares of the Greek State will cease to account for in the Bank's regulatory capital from 1 January 2018 onwards, the Bank decided, pursuant to the decision of its BoD dated on 29 August 2017, to make use of the abovementioned ability provided for in the new legislative framework (article 80 of Law 4484/2017) and to proceed to the redemption of the full amount of outstanding preference shares, in consideration for Tier II capital instruments of the same value. In this context, the Bank decided to submit a request to:

a) the ECB/SSM for the purpose of (i) obtaining permission to reduce the own funds of the Bank as a result of redemption of preference shares of an aggregate nominal value of € 950,125,000, in accordance with article 77 et seq. of Regulation 575 and (ii) qualifying the subordinated notes issuable by the Bank as Tier II capital instruments, in accordance with article 63 et seq. of Regulation 575, and
b) the Minister of Finance for the redemption of the preference shares in consideration for subordinated notes having an aggregate nominal value of € 950,125,000 issuable by the Bank, which constitutes Tier II capital instruments, in accordance with article 80 of Law 4884/2017. In case the Minister of Finance approves the Bank's request, the General Assembly will convene to resolve on the redemption of the preference shares, the cancellation of the titles of the preference shares and the amendment of the relevant articles of the Bank's Articles of Association referring to the shares and the share capital (note 26 to the consolidated financial statements).

**Greek Economy Liquidity Support Program (Law 3723/2008)**
The Bank participates in the Greek Economy Liquidity Support Program under Law 3723/2008, as amended and supplemented (note 4 to the consolidated financial statements).

**Dividends**
Based on the 2016 results and in accordance with the article 1, par. 3 of Law 3723/2008, in combination with article 44a of Company Law 2190/1920, the distribution of dividends to either ordinary or preference shareholders is not permitted. Under article 1 par.3 of Law 3723/2008, during the period of the participation of the banks in the first stream of the Greek Economy Liquidity Support Program, the amount of dividends that may be distributed to ordinary shareholders of the Bank cannot exceed 35% of the profits as provided in article 3 par. 1 of Law 148/1967. As per the Restructuring Plan, unless the EC otherwise agrees to an exception, neither the Bank nor any member of the Group (other than the 100% subsidiaries of the Bank provided that the payment would not give rise to any legal obligation to make other payments

that have been deferred under the Restructuring Plan's commitments) will pay any dividend until the earlier of 31 December 2017 or the date of the full repayment of the Bank's non-voting preference shares held by the Greek State, other than where there is a legal obligation to do so, while the Bank will not release reserves to put itself in such a position.

**Board of Directors**

On 26 October 2016, the Bank's Board appointed Mr. George E. Myhal as new independent non-executive member of the Board, in replacement of the resigned on the same day independent non-executive member Mr. Jon Steven B.G. Haick, for an equal term to the remaining term of the resigned member, while on 12 January 2017 appointed Mr. Richard P. Boucher as new independent non-executive member of the BoD, in replacement of the resigned on 3 November 2016 independent non-executive member Mr. Spyridon Lorentziadis, for an equal term to the remaining term of the resigned member. The appointments of the two new Board members was announced to the General Meeting of the Shareholders of the Bank which took place on 16 June 2017 and their term of office will expire concurrently with the term of office of the other members of the BoD and more specifically on 27 June 2018, and in any case until the date the Bank's Annual General Meeting for the year 2018 will take place.

On 7 April 2017, the Bank announced that Mr. Wade Sebastian Burton, non-executive member of the Bank's Board, submitted his resignation for professional reasons, effective as of 5th April 2017. Furthermore, on 14 July 2017 the Bank announced that Ms. Androniki Boumi has been appointed as representative of the Greek State to Bank's Board according to the provisions of Law 3723/2008, in replacement of Ms. Christina Andreou who informed the Bank on her resignation on 26 May 2017.

The Bank's Board is set out in note 33 to the consolidated financial statements. Personal details of the Directors are available on the website of Eurobank (www.eurobank.gr).

**Related party transactions**

All transactions with related parties are entered into the normal course of business and are conducted on an arm's length basis. See also note 32 to the consolidated financial statements and note 29 to the financial statements of the Bank.

| | |
|---|---|
| Nikolaos Karamouzis | Fokion Karavias |
| Chairman | Chief Executive Officer |

29 August 2017

**APPENDIX**

Definition of selected financial ratios / measures

a) **Loans to Deposits ratio:** Loans and advances to customers (net of impairment allowance) divided by due to customers at the end of the reported period,

b) **Pre-Provision Income (PPI):** Profit from operations before impairments, provisions and restructuring costs as disclosed in the financial statements for the reported period,

c) **Core Pre-provision Income (Core PPI):** The total of net interest income, net banking fee and commission income and income from non banking services minus the operating expenses of the reported period,

d) **Net Interest Margin (NIM):** The net interest income of the reported period, annualised and divided by average balance of total assets (the arithmetic average of total assets, excluding assets classified as held for sale, at the end of the reported period and at the end of the previous year),

e) **Fees and commissions:** The total of net banking fee and commission income and Income from non banking services of the reported period,

f) **Income from trading and other activities**: The total of dividend income, net trading income, gains less losses from investment securities and net other operating income of the reported period,

g) **Cost to Income ratio:** Operating expenses divided by total operating income,

h) **Non-performing exposures (NPEs):** Non Performing Exposures (in compliance with EBA Guidelines) are the Bank's material exposures which are more than 90 days past-due or for which the debtor is assessed as unlikely to pay its credit obligations in full without realization of collateral, regardless of the existence of any past due amount or the number of days past due,

i) **90 days past due loans (90dpd) ratio:** Gross loans and advances to customers more than 90 days past due divided by gross loans and advances to customers at the end of the reported period,

j) **NPEs ratio:** Non Performing Exposures (NPEs) divided by gross loans and advances to customers at the end of the reported period,

k) **90dpd loans formation:** Net increase/decrease of 90 days past due loans and advances to customers in the reported period excluding the impact of write offs, sales and other movements,

l) **NPEs formation:** Net increase/decrease of NPEs in the reported period excluding the impact of write offs, sales and other movements,

m) **90dpd coverage ratio:** Impairment allowance for loans and advances to customers divided by loans and advances to customers more than 90dpd at the end of the reported period,

n) **NPEs coverage ratio:** Impairment allowance for loans and advances to customers divided by NPEs at the end of the reported period,

o) **Provisions (charge) to average Net Loans ratio (Cost of Risk):** Impairment losses on loans and advances charged in the reported period, annualised and divided by the average balance of net loans and advances to customers (the arithmetic average of net loans and advances to customers at the end of the reported period and at the end of the previous year),

p) **Common Equity Tier 1 (CET1):** Common Equity Tier I capital as defined by Regulation (EU) No 575/2013, divided by total Risk Weighted Assets (RWA). The RWA are the Group's assets and off-balance-sheet exposures, weighted according to risk factors based on Regulation (EU) No 575/2013, taking into account credit, market and operational risk,

q) **Fully loaded Common Equity Tier I (CET1):** Common Equity Tier I capital as defined by Regulation No 575/2013 without the application of the relevant transitional rules, divided by total RWA.

Source of financial Information

The Directors' Report includes financial data and measures as derived from the Bank's consolidated financial statements for the six months ended 30 June 2017 and the consolidated financial statements for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

In addition, it includes information as derived from internal information systems, consistent with the Group's accounting policies, such as the selected financial information for the Group's two main reportable segments a) Greek Operations, which incorporate the business activities originated from the Bank and the Greek subsidiaries and b) International Operations, which incorporate the business activities originated from the banks and the local subsidiaries operating in Romania, Bulgaria, Serbia, Cyprus and Luxembourg (see relevant section on page 3).

## *III. Auditor's Report on Review of Interim Financial Information*

[Translation from the original text in Greek]

## Report on Review of Interim Financial Information

To the Shareholders of "Eurobank Ergasias S.A."

### Introduction

We have reviewed the accompanying condensed company and consolidated balance sheet of Eurobank Ergasias S.A. (the "Bank") and its subsidiaries ("the Group") as of 30 June 2017 and the related condensed company and consolidated statements of income and comprehensive income, changes in equity and cash flows for the six-month period then ended and the selected explanatory notes, that comprise the interim condensed financial information and which form an integral part of the six-month financial report as required by L.3556/2007. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Financial Reporting Standards as they have been adopted by the European Union and applied to interim financial reporting (International Accounting Standard "IAS 34"). Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

### Reference to Other Legal and Regulatory Requirements

Our review has not revealed any inconsistency or discrepancy of the other information of the six-month financial report, as required by article 5 of L.3556/2007, with the accompanying interim condensed financial information.

Athens, 31 August 2017

The Certified Auditor

PricewaterhouseCoopers S.A.
Certified Auditors
268 Kifissias Avenue
152 32 Halandri
Soel Reg. No 113

Konstantinos Michalatos
Soel Reg. No 17701

***IV. Condensed Consolidated Interim Financial Statements***
***for the six months ended 30 June 2017***

# EUROBANK ERGASIAS S.A.

# CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## FOR THE SIX MONTHS ENDED

## 30 JUNE 2017

8 Othonos Street, Athens 105 57, Greece

www.eurobank.gr, Tel.: (+30) 210 333 7000

General Commercial Registry No: 000223001000

**Index to the Condensed Consolidated Interim Financial Statements ........ Page**



**Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements**

## Consolidated Interim Balance Sheet

| | Note | 30 June 2017 € million | 31 December 2016 € million |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and balances with central banks | | **1,372** | 1,477 |
| Due from credit institutions | | **2,339** | 2,759 |
| Financial instruments at fair value through profit or loss | | **62** | 71 |
| Derivative financial instruments | | **1,681** | 1,980 |
| Loans and advances to customers | 14 | **38,812** | 39,058 |
| Investment securities | 15 | **11,106** | 12,463 |
| Investments in associates and joint ventures | 17 | **118** | 101 |
| Property, plant and equipment | | **400** | 638 |
| Investment property | 18 | **340** | 905 |
| Intangible assets | | **156** | 145 |
| Deferred tax assets | 12 | **4,897** | 4,945 |
| Other assets | 19 | **1,797** | 1,851 |
| Assets of disposal groups classified as held for sale | 13 | **935** | - |
| **Total assets** | | **64,015** | 66,393 |
| | | | |
| **LIABILITIES** | | | |
| Due to central banks | 20 | **13,839** | 13,906 |
| Due to credit institutions | 21 | **5,584** | 7,780 |
| Derivative financial instruments | | **2,074** | 2,441 |
| Due to customers | 22 | **34,101** | 34,031 |
| Debt securities in issue | 23 | **54** | 102 |
| Other liabilities | 24 | **729** | 778 |
| Liabilities of disposal groups classified as held for sale | 13 | **76** | - |
| **Total liabilities** | | **56,457** | 59,038 |
| | | | |
| **EQUITY** | | | |
| Ordinary share capital | 25 | **655** | 655 |
| Share premium | 25 | **8,055** | 8,055 |
| Reserves and retained earnings | | **(2,782)** | (2,988) |
| Preference shares | 26 | **950** | 950 |
| **Total equity attributable to shareholders of the Bank** | | **6,878** | 6,672 |
| Preferred securities | 27 | **43** | 43 |
| Non controlling interests | | **637** | 640 |
| **Total equity** | | **7,558** | 7,355 |
| | | | |
| **Total equity and liabilities** | | **64,015** | 66,393 |

*Notes on pages 6 to 43 form an integral part of these condensed consolidated interim financial statements*

## Consolidated Interim Income Statement

| | Note | Six months ended 30 June 2017 € million | Six months ended 30 June 2016 € million | Three months ended 30 June 2017 € million | Three months ended 30 June 2016 € million |
|---|---|---|---|---|---|
| Net interest income | | **771** | 771 | **389** | 388 |
| Net banking fee and commission income | | **135** | 112 | **69** | 58 |
| Income from non banking services | | **5** | 5 | **3** | 3 |
| Net trading income | 5 | **30** | (8) | **4** | (5) |
| Gains less losses from investment securities | 15 | **44** | 71 | **28** | 67 |
| Net other operating income | 14,16 | **1** | 68 | **3** | 5 |
| **Operating income** | | **986** | 1,019 | **496** | 516 |
| Operating expenses | 9 | **(489)** | (502) | **(245)** | (250) |
| **Profit from operations before impairments, provisions and restructuring costs** | | **497** | 517 | **251** | 266 |
| Impairment losses on loans and advances | 10 | **(372)** | (398) | **(184)** | (222) |
| Other impairment losses and provisions | 11 | **(25)** | (7) | **(17)** | (6) |
| Restructuring costs | 11 | **(1)** | (47) | **(1)** | (37) |
| Share of results of associates and joint ventures | | **3** | (0) | **1** | (0) |
| **Profit before tax** | | **102** | 65 | **50** | 1 |
| Income tax | 12 | **(26)** | (13) | **(9)** | 2 |
| Tax adjustments | 12 | **-** | 31 | **-** | 31 |
| **Net profit from continuing operations** | | **76** | 83 | **41** | 34 |
| Net profit from discontinued operations | 13 | **11** | 31 | **4** | 13 |
| **Net profit** | | **87** | 114 | **45** | 47 |
| Net profit attributable to non controlling interests | 13 | **11** | 8 | **6** | 1 |
| **Net profit attributable to shareholders** | | **76** | 106 | **39** | 46 |
| | | **€** | € | **€** | € |
| **Earnings per share** | | | | | |
| -Basic earnings per share | 8 | **0.03** | 0.05 | **0.02** | 0.02 |
| **Earnings per share from continuing operations** | | | | | |
| -Basic earnings per share | 8 | **0.03** | 0.04 | **0.02** | 0.02 |

*Notes on pages 6 to 43 form an integral part of these condensed consolidated interim financial statements*

## Consolidated Interim Statement of Comprehensive Income

| | Six months ended 30 June | | | | Three months ended 30 June | | | |
|---|---|---|---|---|---|---|---|---|
| | **2017** | | 2016 | | **2017** | | 2016 | |
| | **€ million** | | € million | | **€ million** | | € million | |
| **Net profit** | | **87** | | 114 | | **45** | | 47 |
| **Other comprehensive income:** | | | | | | | | |
| **Items that are or may be reclassified subsequently to profit or loss:** | | | | | | | | |
| **Cash flow hedges** | | | | | | | | |
| - changes in fair value, net of tax | **17** | | (5) | | **6** | | (6) | |
| - transfer to net profit, net of tax | **(1)** | **16** | (0) | (5) | **(0)** | **6** | 1 | (5) |
| **Available for sale securities** | | | | | | | | |
| - changes in fair value, net of tax | **109** | | 32 | | **90** | | 58 | |
| - transfer to net profit, net of tax | **(18)** | **91** | (34) | (2) | **(15)** | **75** | (3) | 55 |
| **Foreign currency translation** | | | | | | | | |
| - changes in fair value, net of tax | **3** | **3** | (7) | (7) | **8** | **8** | (0) | (0) |
| **Associates and joint ventures** | | | | | | | | |
| - changes in the share of other comprehensive income, net of tax | **19** | **19** | - | - | **15** | **15** | - | - |
| | | **129** | | (14) | | **104** | | 50 |
| **Items that will not be reclassified to profit or loss:** | | | | | | | | |
| - Actuarial gains/(losses) on post employment benefit obligations, net of tax | **0** | **0** | (3) | (3) | **0** | **0** | (3) | (3) |
| **Other comprehensive income** | | **129** | | (17) | | **104** | | 47 |
| **Total comprehensive income attributable to:** | | | | | | | | |
| Shareholders | | | | | | | | |
| - from continuing operations | **205** | | 74 | | **145** | | 50 | |
| - from discontinued operations | **0** | **205** | 15 | 89 | **(2)** | **143** | 43 | 93 |
| Non controlling interests | | | | | | | | |
| - from continuing operations | **(0)** | | (0) | | **(0)** | | (0) | |
| - from discontinued operations | **11** | **11** | 8 | 8 | **6** | **6** | 1 | 1 |
| | | **216** | | 97 | | **149** | | 94 |

*Notes on pages 6 to 43 form an integral part of these condensed consolidated interim financial statements*

## Consolidated Interim Statement of Changes in Equity

| | Total equity attributable to shareholders of the Bank | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Ordinary share capital € million | Share premium € million | Special reserves € million | Retained earnings € million | Preference shares € million | Preferred securities € million | Non controlling interests € million | Total € million |
| Balance at 1 January 2016 | 656 | 8,055 | 7,786 | (11,027) | 950 | 43 | 669 | 7,132 |
| Net profit | - | - | - | 106 | - | - | 8 | 114 |
| Other comprehensive income | - | - | (17) | - | - | - | (0) | (17) |
| Total comprehensive income for the six months ended 30 June 2016 | - | - | (17) | 106 | - | - | 8 | 97 |
| Acquisition/changes in participating interests in subsidiary undertakings | - | - | - | 0 | - | - | (4) | (4) |
| (Purchase)/sale of treasury shares | 0 | 1 | - | (1) | - | - | - | (0) |
| Dividends distributed by subsidiaries attributable to non controlling interests | - | - | - | - | - | - | (24) | (24) |
| Share-based payment: | | | | | | | | |
| - Value of employee services | - | - | 0 | - | - | - | 0 | 0 |
| | 0 | 1 | 0 | (1) | - | - | (28) | (28) |
| Balance at 30 June 2016 | 656 | 8,056 | 7,769 | (10,922) | 950 | 43 | 649 | 7,201 |
| **Balance at 1 January 2017** | **655** | **8,055** | **7,715** | **(10,703)** | **950** | **43** | **640** | **7,355** |
| Net profit | - | - | - | 76 | - | - | 11 | **87** |
| Other comprehensive income | - | - | 129 | - | - | - | 0 | **129** |
| Total comprehensive income for the six months ended 30 June 2017 | **-** | **-** | **129** | **76** | **-** | **-** | **11** | **216** |
| (Purchase)/sale of treasury shares (note 25) | 0 | (0) | - | 1 | - | - | - | **1** |
| Dividends distributed by subsidiaries attributable to non controlling interests | - | - | - | - | - | - | (15) | **(15)** |
| Share-based payment: | | | | | | | | |
| - Value of employee services | - | - | 0 | - | - | - | 1 | **1** |
| | **0** | **(0)** | **0** | **1** | **-** | **-** | **(14)** | **(13)** |
| **Balance at 30 June 2017** | **655** | **8,055** | **7,844** | **(10,626)** | **950** | **43** | **637** | **7,558** |
| | Note 25 | Note 25 | | | Note 26 | Note 27 | | |

*Notes on pages 6 to 43 form an integral part of these condensed consolidated interim financial statements*

## Consolidated Interim Cash Flow Statement

| | Note | Six months ended 30 June 2017 € million | 2016 € million |
|---|---|---|---|
| **Cash flows from continuing operating activities** | | | |
| **Profit before income tax from continuing operations** | | **102** | 65 |
| Adjustments for : | | | |
| Impairment losses on loans and advances | 10 | **372** | 398 |
| Other impairment losses, provisions and restructuring costs | 11 | **26** | 48 |
| Depreciation and amortisation | 9 | **33** | 36 |
| Other (income)/losses on investment securities | 29 | **(53)** | (64) |
| Other adjustments | 29 | **(0)** | (57) |
| | | **480** | 426 |
| **Changes in operating assets and liabilities** | | | |
| Net (increase)/decrease in cash and balances with central banks | | **(91)** | (81) |
| Net (increase)/decrease in financial instruments at fair value through profit or loss | | **8** | 26 |
| Net (increase)/decrease in due from credit institutions | | **254** | (339) |
| Net (increase)/decrease in loans and advances to customers | | **(171)** | 221 |
| Net (increase)/decrease in derivative financial instruments | | **(1)** | 32 |
| Net (increase)/decrease in other assets | | **21** | 70 |
| Net increase/(decrease) in due to central banks and credit institutions | | **(2,245)** | (2,888) |
| Net increase/(decrease) in due to customers | | **69** | 1,047 |
| Net increase/(decrease) in other liabilities | | **(34)** | (74) |
| | | **(2,190)** | (1,986) |
| Income tax paid | | **(9)** | (8) |
| **Net cash from/(used in) continuing operating activities** | | **(1,719)** | (1,568) |
| | | | |
| **Cash flows from continuing investing activities** | | | |
| Acquisition of fixed and intangible assets | | **(39)** | (32) |
| Proceeds from sale of fixed and intangible assets | | **15** | 18 |
| (Purchases)/sales and redemptions of investment securities | | **1,472** | 1,434 |
| Acquisition of subsidiaries, net of cash acquired | 16 | **(0)** | 40 |
| Acquisition of holdings in associates and joint ventures and participations in capital increases | 17 | **(8)** | (10) |
| Disposal/liquidation of holdings in associates and joint ventures | | **-** | 1 |
| Dividends from investment securities, associates and joint ventures | | **10** | 1 |
| **Net cash from/(used in) continuing investing activities** | | **1,450** | 1,452 |
| | | | |
| **Cash flows from continuing financing activities** | | | |
| (Repayments)/proceeds from debt securities in issue | | **(48)** | (146) |
| Expenses paid for share capital increase | | **-** | (6) |
| (Purchase)/sale of treasury shares | | **1** | (0) |
| **Net cash from/(used in) continuing financing activities** | | **(47)** | (152) |
| | | | |
| Effect of exchange rate changes on cash and cash equivalents | | **3** | (3) |
| | | | |
| **Net increase/(decrease) in cash and cash equivalents from continuing operations** | | **(313)** | (271) |
| | | | |
| Net cash flows from discontinued operating activities | | **72** | (174) |
| Net cash flows from discontinued investing activities | | **(57)** | 207 |
| Net cash flows from discontinued financing activities | | **(15)** | (28) |
| **Net increase/(decrease) in cash and cash equivalents from discontinued operations** | | **0** | 5 |
| | | | |
| Cash and cash equivalents at beginning of period | 29 | **1,697** | 2,205 |
| **Cash and cash equivalents at end of period** | 29 | **1,384** | 1,939 |

*Notes on pages 6 to 43 form an integral part of these condensed consolidated interim financial statements*

## 1. General information

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

These condensed consolidated interim financial statements were approved by the Board of Directors on 29 August 2017.

## 2. Principal accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting' and they should be read in conjunction with the Group's published consolidated annual financial statements for the year ended 31 December 2016. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period. Except as indicated, financial information presented in euro has been rounded to the nearest million.

**Going concern considerations**

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

Macroeconomic environment

Greece's real GDP is expected to grow by 2.1% in 2017, according to the May 2017 forecast by European Commission (2016: GDP growth rate at 0.0%). On the fiscal front, the 2016 Greece's primary balance registered a surplus of 4.2% of GDP outperforming the 0.5%-of-GDP Third Economic Adjustment Program (TEAP) target. According to the TEAP the primary surplus for 2017 and 2018 is expected at 1.8% and 3.5% of GDP respectively.

On 22 May 2017, a preliminary technical agreement was reached between Greece and the Institutions in the context of the second review of the TEAP, which had officially started in October 2016. On 15 June 2017, the Eurogroup welcomed the Staff Level Agreement (SLA) reached between Greece and the Institutions after the implementation of a series of prior actions including structural reforms and fiscal structural measures amounting to ca 2% of GDP for the post program period. The SLA paved the way for the release of the next loan tranche to Greece under the existing adjustment program, amounting to € 8.5 bn in two sub-tranches, for debt servicing needs and arrears clearance. The first sub-tranche of € 7.7 bn has already been disbursed. The second sub-tranche of € 0.8 bn will be disbursed in September 2017 conditional on the significant progress by the Greek authorities towards the clearance of the general government arrears to the private sector. On 25 July 2017 the Greek government, on the back of the aforementioned positive developments, issued a € 3 bn five-year syndicated bond at a yield of 4.625% for the first time since July 2014. The proceeds of the bond issue will be used for further liability /debt management and for the build-up of a state cash buffer in the context of the 15 June 2017 Eurogroup's decisions.

The completion of the second program review has reduced the uncertainties that prevailed during the first months of the year and improved expectations for an increase in the domestic economic activity in the second half of 2017. The decisive implementation of the reforms agreed in the context of the TEAP, the implementation of further debt relief measures in accordance with 24 May 2016 Eurogroup decisions, the mobilization of European Union (EU) funding to support domestic investment and job creation, the attraction of foreign and domestic capital and the adoption of an extrovert economic development model would facilitate the restoration of confidence in the prospects of the Greek economy and the further stabilization of the domestic economic environment, which are necessary conditions for the return of the country to a strong and sustainable growth path.

Currently, the main risks and uncertainties are associated with (a) the possible delays in the implementation of the reforms' agenda in order to meet the next targets and milestones of the TEAP, (b) the impact on the level of economic activity from the fiscal and social security-related measures agreed under the reviews of the TEAP, (c) the timing of a full lift of restrictions in the free movement of capital and the respective impact on the level of economic activity, (d) the possible slow pace of deposits inflows and/ or possible delays in the effective management of non-performing exposures as a result of the challenging macroeconomic conditions in Greece and (e) the geopolitical conditions in the broader region and the external shocks from a slowdown in the global economy.

Liquidity risk

In accordance with the agreement with the European partners the authorities are committed to preserving sufficient liquidity in the banking system, as long as Greece meets its obligations under the ESM program. The successful completion of the second review of the TEAP has enhanced Greece's credibility towards the international markets and improved the domestic economic sentiment, which along with the return to positive economic growth rate will facilitate in turn the deposits inflows in the banking system, the faster relaxation of capital controls and the further access to the markets for liquidity.

As at 30 June 2017, the Bank's dependency on Eurosystem financing facilities stood at € 13.8 bn, of which € 11.2 bn funding from Emergency Liquidity Assistance (ELA) (31 December 2016: € 13.9 bn, of which € 11.9 bn from ELA). As at 31 July 2017, the Eurosystem funding decreased further to € 12.5 bn, of which € 9.9 bn funding from ELA, mainly as a result of selective asset deleveraging, increased repo transactions and deposit inflows (note 20). In the same context, the Bank also reduced its participation in the second stream of the Hellenic Republic's liquidity support plan (bonds guaranteed by the Greek Government) from a face value of € 2.5 bn on 31 December 2016 to a face value of € 1.5 bn on 30 June 2017 (notes 4 and 23).

Solvency risk

The Group monitors closely the developments in the Greek macroeconomic environment taking into account its direct and indirect exposure to sovereign risk (note 5). A major area of focus is the active management of non-performing exposures at an accelerated pace, with the aim to substantially reduce their stock in accordance with the Bank's operational targets and taking advantage of the Group's internal infrastructure, the important legislative changes and the external partnerships that have taken or are expected to take place (note 14).

The Group remains focused on the organic strengthening of its capital position by the further expansion of pre-provision income while maintaining its robust risk management practices, and by proceeding to additional initiatives associated with the restructuring, transformation or optimization of operations, in Greece and abroad, that will generate or release further capital and/or reduce risk weighted assets. The Group's Common Equity Tier 1 (CET1) ratio stood at 17.4 % at 30 June 2017 (note 6) and the net profit attributable to shareholders amounted to € 76 million for the period ended 30 June 2017.

Going concern assessment

The Board of Directors, taking into consideration the above factors relating to the adequacy of the Group's capital position and its anticipated continued access to Eurosystem funding over the foreseeable future, as well as the completion of the second review of Greece's current economic adjustment program that reduced the level of uncertainty associated with the domestic macroeconomic environment, has been satisfied that the financial statements of the Group can be prepared on a going concern basis.

The accounting policies and methods of computation in these condensed consolidated interim financial statements are consistent with those in the published consolidated annual financial statements for the year ended 31 December 2016. There are no new standards, amendments to standards and interpretations issued by the International Accounting Standard Board (IASB) and endorsed by the European Union (EU) applicable to the Group from 1 January 2017.

**IFRS 9, Financial Instruments (effective 1 January 2018)**

In July 2014, the IASB published the final version of IFRS 9 *'Financial Instruments'* which replaces IAS 39 *'Financial Instruments: Recognition and Measurement'*. IFRS 9 includes revised requirements on the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

***Classification and measurement***

IFRS 9 applies a new classification and measurement approach for all types of financial assets that reflects the entity's business model for managing the assets and their contractual cash flow characteristics. IFRS 9 requires financial assets to be classified into one of the following measurement categories: amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available for sale.

Financial assets will be measured at amortized cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principle and interest (SPPI). Financial assets will be measured at FVOCI if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and their contractual cash flows represent solely payments of principle and interest. All other financial assets will be classified at FVTPL.

An entity may at initial recognition, designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch. Furthermore, on initial recognition of an equity instrument that is not held for trading, an entity may irrevocably elect to present subsequent changes in fair value through OCI. This election is made on an investment-by-investment basis.

Under IFRS 9, embedded derivatives in contracts where the host is a financial asset, in the scope of the standard are no longer bifurcated. Instead, the hybrid financial instrument is assessed for classification as a whole.

IFRS 9 retains most of the existing requirements for financial liabilities. However, for financial liabilities designated at FVTPL, gains or losses attributable to changes in own credit risk shall be presented in OCI and shall not be subsequently transferred to profit or loss, unless such a presentation would create or enlarge an accounting mismatch. Under IAS 39, all fair value changes of liabilities designated at FVTPL are recognized in profit or loss, unless this would create or enlarge an accounting mismatch.

*Business model assessment*

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect contractual cash flows from the asset, to realize cash flows from the sale of assets, or both to collect contractual cash flows and cash flows from the sale of assets. Financial assets that are held for trading or managed on a fair value basis will be measured at FVTPL.

The Group's approach is to perform the business model assessment consistently with its operating model and the information provided to key management personnel. In making the above assessment the Group will consider a number of factors including:

- the stated policies and objectives for each portfolio;
- how the performance of each portfolio is evaluated and reported;
- the risks associated with the performance of the business model and how those risks are managed;
- how managers are compensated; and
- past experience on how the cash flows from those portfolios were collected, expectations about future sales activity and how the Group's stated objective for managing the financial assets is achieved.

*SPPI assessment*

In assessing whether the contractual cash flows are solely payments of principle and interest, the Group will consider whether the contractual terms of the instrument are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin. This will include an assessment of whether a financial asset contains a contractual term that could change the amount or timing of contractual cash flows in a way that it would not be consistent with the above condition. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset will be measured at FVTPL.

*Initial assessment of changes to the classification and measurement*

In 2017, the Group carried out an initial business model assessment across various portfolios and a detailed review of the contractual terms for its debt instruments portfolios to determine any potential changes to the classification and measurement. The majority of the Group's debt instruments portfolios satisfied the SPPI criterion. Accordingly, based on its existing business models as at 30 June 2017, the Group's current expectation is that generally:

- loans and advances to banks and customers that are measured at amortized cost under IAS 39, would also be measured at amortized cost under IFRS 9;
- held-to-maturity investment securities that are measured at amortized cost under IAS 39, would also be measured at amortized cost under IFRS 9;
- debt securities classified as available-for-sale under IAS 39, would be measured at amortized cost or FVOCI depending on the business model within which they are held;
- assets in the debt securities lending portfolio (note 15) that are measured at amortized cost under IAS 39, would be measured at amortized cost or FVOCI depending on the business model within which they are held;
- debt securities that are measured at FVTPL under IAS 39 would continue to be measured at FVTPL under IFRS 9;
- trading and derivative assets that are measured at FVTPL under IAS 39 would also be measured at FVTPL under IFRS 9; and
- equity securities classified as available-for-sale under IAS 39 would be measured at FVTPL under IFRS 9.

IFRS 9 requires the business model assessment to be made based on the facts and circumstances that exist at the date of initial application, therefore, the Group will carry a roll forward assessment during 2017 to determine the actual impact taking into account the business model strategies and the composition of its portfolios as at 31 December 2017.

***Impairment of financial assets***

IFRS 9 introduces an expected credit loss (ECL) model that replaces the incurred loss model in IAS 39. The new requirements eliminate the threshold in IAS 39 that required a credit event to have occurred before credit losses were recognized and will apply to a broader population of financial instruments compared to IAS 39. The measurement of ECL will require the use of complex models and significant judgment about future economic conditions and credit behavior.

The new impairment model will apply to financial assets that are not measured at FVTPL, including loans, lease receivables, debt securities, financial guarantee contracts and loan commitments issued. No impairment loss will be recognized on equity investments.

The new standard uses a 'three stage approach' that will reflect changes in credit quality since initial recognition. At each reporting date, a loss allowance equal to 12-month ECL will be recognized for debt instruments that are determined to have a low credit risk at the reporting date, and for all other financial assets for which there is no significant increase in credit risk since initial recognition. 12-month ECL are the portion of ECL that result from default events that are possible within the next twelve months after the reporting date. For financial assets that have experienced a significant increase in credit risk since initial recognition where no specific loss event has been identified, a loss allowance equal to lifetime ECLs will be recognized. The loss allowance for purchased or originated credit impaired financial assets will always be measured at an amount equal to lifetime ECL. Financial assets for which 12-month ECL are recognized will be considered to be in 'stage 1'; financial assets which have experienced a significant increase in credit risk will be in 'stage 2' and financial assets that are credit impaired will be in 'stage 3'.

*Measurement of expected credit losses*

The measurement of ECLs will be a probability-weighted average estimate of credit losses that will reflect the time value of money. A credit loss is the difference between the cash flows that are due to the Group in accordance with the contractual terms of the instrument and the cash flows that the Group expects to receive (i.e. cash shortfalls) discounted at the original effective interest rate (EIR) of the same instrument, or the credit-adjusted EIR in case of purchased or originated credit impaired assets (POCI). In measuring ECL, information about past events, current conditions and reasonable and supportable forecasts of future conditions should be considered. The new impairment model is expected to result in a higher loss allowance for the Group compared to IAS 39.

For the purposes of measuring ECL, the Group will estimate expected cash shortfalls, which reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms and are not recognized separately. The estimate of expected cash shortfalls on a collateralized financial instrument reflects the amount and timing of cash flows that are expected from foreclosure on the collateral less the discounted costs of obtaining and selling the collateral, irrespective of whether foreclosure is probable.

ECLs will be calculated over the maximum contractual period over which the Group is exposed to credit risk. The maximum contractual period is defined based on the substantive terms of the instrument, including the Group's ability to demand repayment or cancellation and the customer's ability to require extension. However, for revolving credit facilities (i.e. those that include both a loan and an undrawn commitment component) the period of exposure is determined in accordance with the Group's expected credit risk management actions to mitigate credit risk, including terminating or limiting credit exposure. In doing so, the Group will consider its normal credit risk mitigation process, its past practice, future intentions and expected credit risk mitigation actions, the period over which the Group was exposed to credit risk on similar instruments, and the length of time for defaults to occur on similar instruments following a significant increase in credit risk.

ECLs on individually large exposures and credit-impaired loans are measured individually. For retail exposures and some exposures to small and medium-sized enterprises, ECLs will be measured on a collective basis. This incorporates borrower specific information, such as delinquency, collective historical experience of losses and forward-looking macroeconomic information.

*Allocation of Exposures to Stages*

The Group will distinguish financial assets between those which are measured based on 12-month ECLs (stage 1) and those that carry lifetime ECLs (stage 2 and 3), depending on whether there has been a significant increase in credit risk on the financial asset since initial recognition. In assessing whether a financial asset has experienced a significant increase in credit risk since initial recognition, the Group intends to use a combination of quantitative, qualitative and backstop criteria including:

- relative changes on the residual lifetime probability of default;
- absolute thresholds on the residual lifetime probability of default; and
- days past due.

Management may apply temporary individual or collective overlays on exposures sharing the same credit risk characteristics to take into account specific situations which otherwise would not be fully reflected in the impairment models.

Financial assets that experience a significant increase in credit risk since initial recognition will be classified to stage 2. When the criteria for stage 2 classification are no longer met, financial assets will be reclassified to stage 1. Financial assets will be classified to stage 3 when they are considered to be credit impaired. Subsequent transfers from stage 3 to stage 2 will take place when the financial asset ceases to be credit impaired.

*ECL Key inputs*

The ECL calculations are based on the term structures of the probability of default (PD), the loss given default (LGD), the exposure at default (EAD) and other input parameters such as the credit conversion factor (CCF) and the prepayment rate. Generally, the Group intends to derive these parameters from internally developed statistical models and observed point-in-time and historical data, leveraging the existing infrastructure development for the regulatory framework and risk management practices.

The PD represents the likelihood of a borrower defaulting on its financial obligations either on the next twelve months or over the remaining lifetime. In accordance with IFRS 9, the Group will use point-in-time unbiased PDs that will incorporate forward looking information and macroeconomic scenarios.

EAD represents the exposure that the Group expects to be owed at the event of default. The EAD of a financial asset will be the gross carrying amount at default. In estimating the EAD, the Group will use historical observations and forward looking forecasts to reflect payments of principal and interest and any potential drawdowns on lending commitments.

LGD represents the Group's expectation of the extent of loss on a defaulted exposure and is the difference between the contractual cash flows due and those that the Group expects to receive including any amounts from collateral. LGD varies by type of counterparty, type and seniority of claim, availability of collateral or other credit support, and is usually expressed as a percentage of EAD.

The PD, LDG and EAD used for accounting purposes may differ from those used for regulatory purposes. PD under IFRS 9 is a point-in-time estimate whereas for regulatory purposes PD is a 'through-the-cycle' estimate. In addition, LGD and EAD for regulatory purposes are based on loss severity experienced during economic downturn conditions, while under IFRS 9, LGD and EAD reflect an unbiased and probability-weighted amount.

The CCF factor is used to convert the amount of a credit line and other off-balance sheet amounts to an EAD amount. It is a modelled assumption which represents a proportion of any undrawn exposure that is expected to be drawn prior to a default event occurring. The prepayment rate is an estimate of early prepayments on loan exposure in excess of the contractual repayment according to the repayment schedule and is expressed as a percentage applied to the EAD at each period, reducing the latter amount accordingly.

*Forward looking information*

In assessing whether credit risk has increased significantly since initial recognition and measuring ECL the Group will incorporate forward looking information. The Group will evaluate a range of forward looking economic scenarios in order to achieve an unbiased and probability weighted estimate of ECL. In particular, the Group intends to use as a minimum three macroeconomic scenarios (i.e. base, adverse and optimistic) and consider the relative probabilities of each scenario. The base scenario will represent the most likely scenario and will be aligned with the information used by the Group for strategic planning and budgeting purposes.

***Hedge accounting***

IFRS 9 includes a new general hedge accounting model which aligns hedge accounting more closely with risk management. Under the new model, more hedging strategies may qualify for hedge accounting, new hedge effectiveness requirements apply and discontinuation of hedge accounting will be allowed only under specific circumstances. The IASB currently has a separate project for the accounting of macro hedging activities. Until the above project is completed, entities have an accounting policy choice to continue applying the hedge accounting requirements in IAS 39.

The Group intends to elect to continue applying IAS 39. However, the Group will provide the expanded disclosures required by the related amendments to IFRS 7 '*Financial Instruments: Disclosures'*.

***IFRS 9 Implementation Program***

A Group-wide IFRS 9 Program, led jointly by Group Risk and Group Finance, was initiated in 2015 to ensure a robust and high quality implementation in compliance with the requirements of the Standard and respective regulatory guidance.

Overall governance is provided through a central Program Management Office (PMO) that coordinates the implementation of the Program among the various stakeholders and is responsible for the day-to-day management tasks, as well as two Management Committees, namely the Steering Committee and the Technical Committee. The Steering Committee, which comprises senior staff from all the main functions of the Group, is mandated to oversee the implementation in accordance with the Standard, monitors timelines and the quality of the Program's deliverables, reviews program's results, approves deliverables and changes in the scope of the program where appropriate, and regularly informs the Executive Board, the Board Risk Committee, the Audit Committee and the Board of Directors on the Program's implementation progress. The Technical Committee is composed of Subject Matter Experts responsible for evaluating key technical issues and analyzing proposed changes in accounting policies and risk management methodologies for the Steering Committee before they are submitted and approved by the competent bodies of the Bank.

Reflecting the scale and complexity of the implementation plan, the Program is structured with various project teams (Group Finance, Group Risk Management, Information Systems, Internal Audit, Lending Business Units, Troubled Assets Group, Operations, Global Markets & Treasury and International General Division) dedicated to the various elements associated with the implementation of the Standard. These teams are supported by two external consultancy firms.

The implementation for the Group's foreign subsidiaries is managed locally with the establishment of local PMOs and Steering Committees. Progress is monitored by the central PMO with Head Office providing support and guidance to ensure consistent implementation within the Group.

The program progressed further in 2017 towards achieving key milestones across all work streams. In particular, up to date, the Group is in the process of developing draft IFRS 9 accounting policies, key processes and process flows and the ECL methodologies. Educational workshops to the involved stakeholders are being conducted on the impact of IFRS 9 to the Group's lending practices and day-to-day operational activities in order to ensure that the new requirements are well understood and will be applied consistently across the Group.

The implementation phase of the IT solution has been completed and a pilot run has commenced. The Group intends to undertake a parallel run of IAS 39 and IFRS 9 in order to ensure a seamless transition to the new standard on the required effective date, while testing, model validation and refinement activities will continue up to the end of 2017.

In addition, the Group participates in the IFRS 9 thematic review conducted by the European Central Bank on the evaluation of the Group's preparedness, the impact of the new accounting principles on processes, infrastructure and regulatory capital. The Group has also carried out a preliminary impact assessment both for the classification and measurement and the impairment requirements within the context of the European Banking Authority's impact assessment on IFRS 9. The assessment was performed with reference date 31 December 2016 using information available as of that date as well as a number of assumptions on key policy choices, as mentioned above, that are still being analyzed by Management and their formulation is in progress.

The most significant impact on the Group's financial statements from the implementation of IFRS 9 is expected to result from the new impairment requirements. However, management is not yet in a position to estimate reliably the expected impact, since the Group is in the process of finalizing models, assembling data and calibrating the impairment stage transfer criteria. The impact is also dependent on finalizing the classification assessment and the facts and circumstances from the date of initial application. Management expects that this information will be disclosed no later than in the 2017 Annual Report.

Furthermore, potential changes to the prudential treatment of accounting provisions due to IFRS 9 that may affect regulatory capital, are yet to be determined. The Group is closely monitoring the developments for the introduction of a 'phase in' approach into EU legislation for mitigating the impact of IFRS 9 transition to regulatory capital.

***Transition***

The new requirements of IFRS 9 will be applied retrospectively by adjusting the Group's balance sheet on the date of transition on 1 January 2018. The Group intends to apply the exemption not to restate comparative figures for prior periods; therefore the Group's 2017 comparatives will be presented on an IAS 39 basis.

Moreover, the following assessments will have to be made on the basis of facts and circumstances that exist at the date of initial application:

- the determination of the business model within which a financial asset is held;
- the designation and revocation of previous designations of certain financial assets and liabilities as measured at FVTPL; and
- the designation of certain investments in equity instruments not held-for-trading as FVOCI.

## 3. Critical accounting estimates and judgments in applying accounting policies

In preparing these condensed consolidated interim financial statements, the significant judgments made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the published consolidated annual financial statements for the year ended 31 December 2016, which are those regarded by Management as the most important in applying the Group's accounting policies.

Further information about the key assumptions and sources of estimation uncertainty are set out in notes 5, 10, 12, 24 and 28.

## 4. Greek Economy Liquidity Support Program

The Bank participates in the Hellenic Republic's plan to support liquidity in the Greek economy under Law 3723/2008 as amended and supplemented, as follows:

(a) First stream-preference shares

345,500,000 non-voting, preference shares, with nominal value of € 950 million, were subscribed to by the Hellenic Republic on 21 May 2009 (note 26); and

(b) Second stream-bonds issued by the Bank and guaranteed by the Hellenic Republic

As at 30 June 2017, the government guaranteed bonds, of face value of € 1,500 million, were fully retained by the Bank (note 23). During the first half of 2017, Government guaranteed bonds of face value of € 1,500 million matured, while the Bank proceeded with the issue of Pillar II bonds of face value of € 500 million. The significant decrease in the bonds issued and held by the Bank during the first half of 2017, compared to the respective amount during the first half of 2016, led to the reduction of the relative expenses recognized in the first half of 2017 by € 44 million.

Under Law 3723/2008, for the period the Bank participates in the program through the preference shares or the government guaranteed bonds (streams (a) and (b) above) the Hellenic Republic is entitled to appoint its representative to the Board of Directors. Information on the rights of the Hellenic Republic's representative is provided in the Directors' Report and Corporate Governance statement of the Annual Financial Report for the year ended 31 December 2016.

In addition, under Law 3756/2009, banks participating in the Greek Economy Liquidity Support Program are not allowed to acquire treasury shares under article 16 of the Company Law.

## 5. Credit exposure to Greek sovereign debt

As at 30 June 2017, the total carrying value of Greek sovereign major exposures is as follows:

| | 30 June 2017 € million | 31 December 2016 € million |
|---|---|---|
| Treasury bills | **1,493** | 1,289 |
| Greek government bonds | **2,095** | 1,970 |
| Derivatives with the Greek state | **956** | 1,070 |
| Exposure relating with Greek sovereign risk financial guarantee | **196** | 194 |
| Loans guaranteed by the Greek state | **133** | 140 |
| Loans to Greek local authorities and public organizations | **69** | 75 |
| Other receivables | **5** | 19 |
| **Total** | **4,947** | 4,757 |

In the first half of 2017, the credit risk valuation adjustment on derivatives with the Hellenic Republic has decreased by € 35 million, with a positive effect on the Group's net trading income, as a result of the improvement in the short term tenors of Greek sovereign credit default swaps.

The adequacy of the impairment allowance for loans and receivables either guaranteed by the Greek state or granted to public related entities was evaluated in the context of the Group's impairment policy. The Group monitors the developments for the Greek macroeconomic environment closely in order to adjust appropriately its estimates and judgments based on the latest available information (note 2).

Information on the fair values of the Group's financial instruments is provided in note 28.

## 6. Capital management

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

| | 30 June 2017 € million | 31 December 2016 € million |
|---|---|---|
| Total equity attributable to shareholders of the Bank | **6,878** | 6,672 |
| Add: Regulatory non controlling interests | **127** | 255 |
| Less: Other regulatory adjustments | **(233)** | (156) |
| **Common Equity Tier I Capital** | **6,772** | 6,771 |
| Add: Preferred securities | **21** | 26 |
| Less: Other regulatory adjustments | **(21)** | (26) |
| **Total Tier I Capital** | **6,772** | 6,771 |
| Tier II capital-subordinated debt | **-** | 4 |
| Add: Other regulatory adjustments | **105** | 119 |
| **Total Regulatory Capital** | **6,877** | 6,894 |
| | | |
| **Risk Weighted Assets** | **38,990** | 38,511 |
| **Ratios:** | **%** | % |
| Common Equity Tier I (1) | **17.4** | 17.6 |
| Tier I (1) | **17.4** | 17.6 |
| Total Capital Adequacy Ratio (1) | **17.6** | 17.9 |

*(1) Proforma capital adequacy ratios: Common Equity Tier I, Tier I and Total Capital Adequacy Ratio, with the disposal of Grivalia subgroup (note 13) would have been 17.4%, 17.4% and 17.7% respectively.*

*Note: The CET1 as at 30 June 2017, based on the full implementation of the Basel III rules in 2024, would have been 14.1 % (31 December 2016: 13.8%), while the respective proforma ratio with the disposal of Grivalia subgroup would have been 14.4%.*

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

Based on Council Regulation 1024/2013, the European Central Bank (ECB) conducts annually a Supervisory Review and Evaluation Process (SREP), in order to define the prudential requirements of the institutions under its supervision, by defining a total SREP capital requirement. The key purpose of SREP is to ensure that institutions have adequate arrangements, strategies, processes and mechanisms as well as capital and liquidity to ensure a sound management and coverage of their risks, to which they are or might be exposed, including those revealed by stress testing and risks the institution may pose to the financial system. According to the decision of the 2016 SREP performed by the ECB, starting from 1 January 2017 the Bank is required to meet on a consolidated basis a Common Equity Tier I ratio of at least 8.75% and a Total Capital Adequacy Ratio of at least 12.25%.

To this direction, the Group is focused on the organic strengthening of its capital position by the further expansion of pre-provision income while maintaining its robust risk management practices, the active management of non-performing exposures supported by the fully operational internal bad bank as well as by proceeding to additional initiatives associated with the restructuring, transformation or optimization of operations, in Greece and abroad, that will generate or release further capital and/or reduce risk weighted assets.

**Restructuring plan**

On 29 April 2014, the European Commission (EC) approved the Bank's restructuring plan, as it was submitted through the Greek Ministry of Finance on 16 April 2014. In addition, on 26 November 2015, the EC approved the Bank's revised restructuring plan in the context of the recapitalization process in 2015. The Hellenic Republic has committed that the Bank will implement specific measures and actions and will achieve objectives which are an integral part of the said restructuring plan.

The principal structural commitments of the revised restructuring plan relate to: (a) the reduction of the total costs and the maximum number of employees and branches for the Group's Greek activities, (b) the decrease of the cost of deposits collected in Greece, (c) the deleveraging of the portfolio of equity investments, subordinated and hybrid bonds, (d) the decrease in shareholding in specific non-banking subsidiaries, (e) the reduction of the net loans to deposits ratio for the Group's Greek banking activities, (f) the reduction of the portfolio of the Group's foreign assets (non–related to Greek clients), (g) restrictions on the capital injection to the Group's foreign subsidiaries, the purchase of non-investment grade securities, the staff remuneration, the payment of dividends, the credit policy to be adopted and other strategic decisions.

By 30 June 2017, the Group has already met/ respected the commitments referring to items 'a' to 'c' and 'g'. In the first half of 2017, the number of employees for the Greek activities was reduced to 9,710 below the Plan's target of 9,800 employees by 31 December 2017. Concerning item 'd': the Group has already completed the disposal of 80% of the shareholding in its insurance subsidiaries in August 2016 while on 4 July 2017, it announced the successful sale of its 20% shareholding in Grivalia Properties R.E.I.C. (note 13). In respect of the remaining commitments that should be implemented within 2018, referred to items 'e' and 'f', the Group proceeds to all actions and initiatives required to meet them within the prescribed deadlines, as reflected in the three-year Business Plan approved by the Board of Directors in January 2017.

Further information on the principal structural commitments to be implemented and the potential effect on the Group's business is presented in note 6 of the consolidated financial statements for the year ended 31 December 2016.

**Monitoring Trustee**

The Memorandum of Economic and Financial Policies (MEFP) of the Second Adjustment Program for Greece between the Hellenic Republic, the European Commission, the International Monetary Fund and the European Central Bank provides for the appointment of a monitoring trustee in all banks under State Aid.

Grant Thornton S.A. was appointed as the Bank's Monitoring Trustee (MT) on 22 February 2013, with the mandate of the MT been subsequently amended and extended on 29 May 2014. The MT monitors the compliance with the commitments on corporate governance and commercial operational practices and the implementation of the restructuring plan and reports to the European Commission.

## 7. Segment information

Management has determined the operating segments based on the internal reports reviewed by the Strategic Planning Committee that are used to allocate resources and to assess their performance in order to make strategic decisions. The Strategic Planning Committee considers the business both from a business unit and geographic perspective. Geographically, management considers the performance of its business in Greece and other countries in Europe (International). Greece is further segregated into retail, corporate, wealth management, global and capital markets. International is monitored and reviewed on a country basis. The Group aggregates segments when they exhibit similar economic characteristics and profile and are expected to have similar long-term economic development.

The Group is organized in the following reportable segments:

- Retail: incorporating customer current accounts, savings, deposits and investment savings products, credit and debit cards, consumer loans, small business banking and mortgages.
- Corporate: incorporating current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products to corporate entities, custody, equity brokerage, cash management and trade services.
- Wealth Management: incorporating private banking services to medium and high net worth individuals, insurance services until early August 2016, mutual fund and investment savings products, and institutional asset management.
- Global and Capital Markets: incorporating investment banking services including corporate finance, merger and acquisitions advice, financial instruments trading and institutional finance to corporate and institutional entities, as well as, specialized financial advice and intermediation to private and large retail individuals as well as small and large corporate entities.
- International: incorporating operations in Romania, Bulgaria, Serbia, Cyprus, Ukraine (until its disposal in December 2016) and Luxembourg.

Other operations of the Group comprise mainly investing activities, including property management and investment.

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

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

## Operating segments

| | For the six months ended 30 June 2017 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Retail € million | Corporate € million | Wealth Management € million | Global & Capital Markets € million | International € million | Other and Elimination center € million | Total € million |
| Net interest income | 265 | 172 | 4 | 109 | 216 | 5 | 771 |
| Net commission income | 24 | 38 | 14 | 8 | 51 | 0 | 135 |
| Other net revenue | 0 | 8 | - | 31 | 15 | 26 | 80 |
| Total external revenue | 289 | 218 | 18 | 148 | 282 | 31 | 986 |
| Inter-segment revenue | 4 | 11 | 0 | (14) | (1) | 0 | - |
| Total revenue | 293 | 229 | 18 | 134 | 281 | 31 | 986 |
| Operating expenses | (244) | (58) | (11) | (35) | (137) | (4) | (489) |
| Impairment losses on loans and advances | (255) | (64) | (1) | - | (52) | - | (372) |
| Other impairment losses and provisions (note 11) | (1) | (3) | (0) | - | (15) | (6) | (25) |
| Share of results of associates and joint ventures | (0) | (0) | 3 | - | (0) | 0 | 3 |
| Profit/(loss) before tax from continuing operations before restructuring costs | (207) | 104 | 9 | 99 | 77 | 21 | 103 |
| Restructuring costs (note 11) | (3) | (1) | (0) | (0) | 0 | 3 | (1) |
| Profit/(loss) before tax from continuing operations | (210) | 103 | 9 | 99 | 77 | 24 | 102 |
| Profit/(loss) before tax from discontinued operations | - | - | - | - | 1 | 19 | 20 |
| Non controlling interests | - | - | - | - | (1) | (15) | (16) |
| Profit/(loss) before tax attributable to shareholders | (210) | 103 | 9 | 99 | 77 | 28 | 106 |

| | 30 June 2017 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Retail € million | Corporate € million | Wealth Management € million | Global & Capital Markets € million | International € million | Other and Elimination center (2) € million | Total € million |
| Segment assets | 21,194 | 11,795 | 212 | 11,662 | 12,771 | 6,381 | 64,015 |
| Segment liabilities | 18,801 | 2,886 | 1,377 | 22,116 | 11,051 | 226 | 56,457 |

The International segment is further analyzed as follows:

| | For the six months ended 30 June 2017 | | | | | |
|---|---|---|---|---|---|---|
| | Romania € million | Bulgaria € million | Serbia € million | Cyprus € million | Luxembourg € million | Total € million |
| Net interest income | 53 | 79 | 28 | 44 | 12 | 216 |
| Net commission income | 9 | 20 | 7 | 11 | 4 | 51 |
| Other net revenue | 5 | 1 | 0 | 8 | 1 | 15 |
| Total external revenue | 67 | 100 | 35 | 63 | 17 | 282 |
| Inter-segment revenue | 0 | - | (0) | 0 | (1) | (1) |
| Total revenue | 67 | 100 | 35 | 63 | 16 | 281 |
| Operating expenses | (48) | (43) | (22) | (16) | (8) | (137) |
| Impairment losses on loans and advances | (8) | (30) | (6) | (8) | (0) | (52) |
| Other impairment losses and provisions | (9) | (3) | (0) | - | (3) | (15) |
| Profit/(loss) before tax from continuing operations before restructuring costs | 2 | 24 | 7 | 39 | 5 | 77 |
| Restructuring costs | 0 | - | - | - | (0) | 0 |
| Profit/(loss) before tax from continuing operations (1) | 2 | 24 | 7 | 39 | 5 | 77 |
| Profit/(loss) before tax from discontinued operations | 1 | - | 0 | - | - | 1 |
| Non controlling interests | (1) | - | (0) | - | - | (1) |
| Profit/(loss) before tax attributable to shareholders | 2 | 24 | 7 | 39 | 5 | 77 |

| | 30 June 2017 | | | | | |
|---|---|---|---|---|---|---|
| | Romania € million | Bulgaria € million | Serbia € million | Cyprus € million | Luxembourg € million | International € million |
| Segment assets(3) | 2,630 | 3,421 | 1,301 | 4,328 | 1,468 | 12,771 |
| Segment liabilities(3) | 2,478 | 2,932 | 906 | 3,880 | 1,234 | 11,051 |

As at 30 June 2017, the assets of Grivalia's subsidiaries in Romania and Serbia amounting to € 77 million and € 16 million respectively, have been classified as held for sale (note 13).

| | For the six months ended 30 June 2016 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Retail € million | Corporate € million | Wealth Management € million | Global & Capital Markets € million | International € million | Other and Elimination center € million | Total € million |
| Net interest income | 313 | 179 | 5 | 93 | 210 | (29) | 771 |
| Net commission income | 25 | 36 | 14 | (15) | 49 | 3 | 112 |
| Other net revenue | 38 | (1) | 0 | (8) | 36 | 71 | 136 |
| Total external revenue | 376 | 214 | 19 | 70 | 295 | 45 | 1,019 |
| Inter-segment revenue | 28 | 10 | (26) | (12) | 0 | (0) | - |
| Total revenue | 404 | 224 | (7) | 58 | 295 | 45 | 1,019 |
| Operating expenses | (242) | (59) | (15) | (42) | (137) | (7) | (502) |
| Impairment losses on loans and advances | (199) | (113) | (1) | - | (85) | - | (398) |
| Other impairment losses and provisions (note 11) | - | (3) | (1) | - | (3) | (0) | (7) |
| Profit/(loss) before tax from continuing operations before restructuring costs | (37) | 49 | (24) | 16 | 70 | 38 | 112 |
| Restructuring costs (note 11) | (28) | (1) | (1) | (1) | (9) | (7) | (47) |
| Profit/(loss) before tax from continuing operations[1] | (65) | 48 | (25) | 15 | 61 | 31 | 65 |
| Profit/(loss) before tax from discontinued operations | - | - | 36 | - | 0 | 13 | 49 |
| Non controlling interests | - | - | - | - | (1) | (10) | (11) |
| Profit/(loss) before tax attributable to shareholders | (65) | 48 | 11 | 15 | 60 | 34 | 103 |

| | 31 December 2016 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Retail € million | Corporate € million | Wealth Management € million | Global & Capital Markets € million | International € million | Other and Elimination center [2] € million | Total € million |
| Segment assets | 21,755 | 11,591 | 227 | 13,351 | 13,201 | 6,268 | 66,393 |
| Segment liabilities | 18,662 | 2,642 | 1,519 | 24,640 | 11,540 | 35 | 59,038 |

| | For the six months ended 30 June 2016 | | | | | |
|---|---|---|---|---|---|---|
| | Romania € million | Bulgaria € million | Serbia € million | Cyprus € million | Luxembourg € million | Total [4] € million |
| Net interest income | 57 | 78 | 29 | 35 | 11 | 210 |
| Net commission income | 9 | 17 | 7 | 12 | 4 | 49 |
| Other net revenue | 23 | 12 | 1 | 0 | (0) | 36 |
| Total external revenue | 89 | 107 | 37 | 47 | 15 | 295 |
| Inter-segment revenue | (0) | - | - | - | (0) | (0) |
| Total revenue | 89 | 107 | 37 | 47 | 15 | 295 |
| Operating expenses | (50) | (42) | (22) | (14) | (9) | (137) |
| Impairment losses on loans and advances | (40) | (30) | (9) | (6) | (0) | (85) |
| Other impairment losses and provisions | (0) | (3) | (0) | (0) | - | (3) |
| Profit/(loss) before tax from continuing operations before restructuring costs | (1) | 32 | 6 | 27 | 6 | 70 |
| Restructuring costs | (0) | (8) | (0) | - | (1) | (9) |
| Profit/(loss) before tax from continuing operations[1] | (1) | 24 | 6 | 27 | 5 | 61 |
| Profit/(loss) before tax from discontinued operations [4] | 1 | - | - | - | - | 0 |
| Non controlling interests | (1) | 0 | (0) | - | - | (1) |
| Profit/(loss) before tax attributable to shareholders | (1) | 24 | 6 | 27 | 5 | 60 |

| | 31 December 2016 | | | | | |
|---|---|---|---|---|---|---|
| | Romania € million | Bulgaria € million | Serbia € million | Cyprus € million | Luxembourg € million | International € million |
| Segment assets[3] | 2,901 | 3,366 | 1,306 | 4,461 | 1,458 | 13,201 |
| Segment liabilities[3] | 2,724 | 2,900 | 928 | 4,048 | 1,230 | 11,540 |

*[1] Income/(loss) from associates and joint ventures is included.*
*[2] Interbank eliminations between International and the other Group's segments are included.*
*[3] Intercompany balances among the Countries have been excluded from the reported assets and liabilities of International segment.*
*[4] It includes € 1 million loss attributable to the Group's operations in Ukraine.*

## 8. Earnings per share

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

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Group has issued convertible, subject to certain conditions and restrictions, preferred securities (Series D, note 27). The potential ordinary shares which could result from the conversion of the aforementioned preferred securities are not deemed to be issuable on the basis of the conditions and restrictions currently in force (note 6). Accordingly, the Series D of preferred securities was not included in the calculation of diluted earnings per share.

| | | Six months ended 30 June | | Three months ended 30 June | |
|---|---|---|---|---|---|
| | | **2017** | 2016 | **2017** | 2016 |
| Net profit for the period attributable to shareholders | *€ million* | **76** | 106 | **39** | 46 |
| Net profit for the period from continuing operations attributable to shareholders | *€ million* | **76** | 83 | **41** | 34 |
| Weighted average number of ordinary shares in issue for basic earnings per share | *Number of share:* | ***2,183,778,290*** | *2,185,389,631* | ***2,184,052,955*** | *2,185,403,058* |
| **Earnings per share** | | | | | |
| - Basic earnings per share | € | **0.03** | 0.05 | **0.02** | 0.02 |
| **Earnings per share from continuing operations** | | | | | |
| - Basic earnings per share | € | **0.03** | 0.04 | **0.02** | 0.02 |

Basic earnings per share from discontinued operations for the period ended 30 June 2017 amounted to € 0 (30 June 2016: € 0.01 earnings).

## 9. Operating expenses

| | 30 June 2017 € million | 30 June 2016 € million |
|---|---|---|
| Staff costs | **(275)** | (272) |
| Administrative expenses | **(114)** | (121) |
| Contributions to resolution and deposit guarantee funds | **(34)** | (39) |
| Depreciation of property, plant and equipment | **(21)** | (23) |
| Amortisation of intangible assets | **(12)** | (13) |
| Operating lease rentals | **(33)** | (34) |
| **Total from continuing operations** | **(489)** | (502) |

### Staff costs

The average number of employees of the Group's continuing operations during the period was 15,883 (June 2016: 16,542). As at 30 June 2017, the number of branches and business/private banking centers of the Group amounted to 897.

## 10. Impairment allowance for loans and advances to customers

The movement of the impairment allowance for loans and advances to customers by product line is as follows:

| | 30 June 2017 | | | | |
|---|---|---|---|---|---|
| | Wholesale<br>€ million | Mortgage<br>€ million | Consumer [1]<br>€ million | Small business<br>€ million | Total<br>€ million |
| **Balance at 1 January** | 4,509 | 2,272 | 2,732 | 2,085 | 11,598 |
| Impairment loss for the period | 83 | 145 | 86 | 58 | 372 |
| Recoveries of amounts previously written off | 2 | 0 | 3 | 1 | 6 |
| Amounts written off | (380) | (47) | (22) | (6) | (455) |
| NPV unwinding | (48) | (34) | (17) | (44) | (143) |
| Foreign exchange differences and other movements | (19) | (23) | (17) | (15) | (74) |
| **Balance at 30 June** | 4,147 | 2,313 | 2,765 | 2,079 | 11,304 |

[1] *Credit cards balances are included.*

**Law on the discharge of debt obligations 'Datio in Solutum'**

In May 2016, Law 77/2016 on the discharge of debt obligations (Datio in Solutum) came into force in Romania. In particular, the said law provides for the discharge in full and under certain preconditions of the loans contracted by individuals and secured by mortgage arrangements by 'payment in kind' through the transfer of the mortgaged property. In the second quarter of 2016, after considering all available information, the Group assessed the effect of the enforcement of the aforementioned law and recognized accordingly an additional impairment loss of € 20 million on loans and advances granted by its Romanian banking subsidiary Bancpost S.A.

According to the decision of the Romanian Constitutional Court (RCC) dated 25 October 2016 which was published in the Romanian Official Gazette on 18 January 2017, the specific law is partially unconstitutional and the Romanian courts of law shall verify the existence of hardship conditions when called to decide upon a 'Datio in Solutum' case based on this law. In line with the above, in the first quarter of 2017 the Group partially reversed the respective impairment loss by € 8.7 million.

The Group continues to closely monitor the relevant developments to update the estimate of the effect on its financial statements in accordance with its accounting policies.

## 11. Other impairments, restructuring costs and provisions

| | 30 June 2017<br>€ million | 30 June 2016<br>€ million |
|---|---|---|
| Impairment losses and valuation losses on investment and repossessed properties | (12) | (6) |
| Other impairment losses and provisions [1] | (13) | (1) |
| **Other impairment losses and provisions** | (25) | (7) |
| | | |
| Provision for Voluntary Exit Scheme (note 24) | - | (33) |
| Restructuring costs | (1) | (13) |
| Other expenses | - | (1) |
| **Restructuring costs** | (1) | (47) |
| | | |
| **Total from continuing operations** | (26) | (54) |

[1] *Includes impairment losses on bonds, equity securities, other assets and provisions on litigations and other operational risk events.*

In the first half of 2016, the Group recognized restructuring expenses amounting to € 13 million, of which € 8 million related with the acquisition of Alpha Bank's Branch in Bulgaria by Eurobank Bulgaria A.D. (note 16).

## 12. Income tax and tax adjustments

| | 30 June 2017 € million | 30 June 2016 € million |
|---|---|---|
| Current tax | **(24)** | (22) |
| Deferred tax | **(2)** | 9 |
| **Income tax** | **(26)** | (13) |
| Tax adjustments | **-** | 31 |
| **Total tax (charge)/income from continuing operations** | **(26)** | 18 |

According to Law 4172/2013 currently in force, the nominal Greek corporate tax rate is 29%. In addition, dividends distributed, other than intragroup dividends which under certain preconditions are relieved from both income and withholding tax, are subject to 15% withholding tax, according to Law 4387/2016 and Law 4389/2016 which increased the respective tax rate from 10% to 15% for dividend distributions as of 1 January 2017 and onwards. In May 2017, according to article 14 of Law 4472/2017, which amended Law 4172/2013, the Greek corporate tax rate for entities other than credit institutions, will decrease from 29% to 26% for the tax years starting from 1 January 2019 and onwards, subject to certain preconditions in the context of the Third Economic Adjustment Program of Greece.

In the first half of 2016 following a favorable court decision, the Group has recognized a tax income of € 30.5 million for tax claims against the Greek State in relation to the one - off taxation of the Bank's non-taxed reserves which had been imposed by the Law 3513/2006.

**Tax certificate and open tax years**

For the year ended 31 December 2011 and onwards as the Law 4174/2013 (article 65A) currently stands (and as Law 2238/1994 previously provided in article 82), up to and including fiscal years starting before 1 January 2016, the Greek sociétés anonymes and limited liability companies whose annual financial statements are audited compulsorily, were required to obtain an 'Annual Tax Certificate', which is issued after a tax audit is performed by the same statutory auditor or audit firm that audits the annual financial statements. For fiscal years starting from 1 January 2016 and onwards, the 'Annual Tax Certificate' is optional, however the Group's Greek companies will obtain such certificate.

The Bank has been audited by tax authorities up to 2010. Furthermore, the Bank has obtained by external auditors unqualified tax certificates for years 2011-2016. In addition, New TT Hellenic Postbank and New Proton Bank, which were merged with the Bank in 2013, have obtained by external auditors unqualified tax certificates with a matter of emphasis for their unaudited by tax authorities periods/tax years 18/1-30/6/2013 and 9/10/2011- 31/12/2012, respectively, with regards to potential tax obligations resulting from their carve out. For both cases the Bank has formed adequate provisions.

The Group's subsidiaries, associates and joint ventures which operate in Greece (notes 16 and 17) have not been audited for a period of 1 to 9 tax years from the tax authorities. Where these entities are subject to statutory audit by external auditors, they have obtained unqualified tax certificates for years 2011-2015. For 2016 the tax audit from external auditors has been completed and unqualified tax certificates are expected to be submitted to the Tax Authorities within the third quarter of 2017.

In accordance with the Greek tax legislation and the respective Ministerial Decisions issued, additional taxes and penalties may be imposed by the Greek tax authorities following a tax audit within the applicable statute of limitations (i.e. in principle five years as from the end of the fiscal year within which the relevant tax return should have been submitted), irrespective of whether an unqualified tax certificate has been obtained from the tax paying company.

The open tax years of foreign Group's bank subsidiaries are as follows: (a) Bancpost S.A. (Romania), 2011-2016, (b) Eurobank Cyprus Ltd, 2012-2016, (c) Eurobank Bulgaria A.D., 2013-2016, (d) Eurobank A.D. Beograd (Serbia), 2011-2016, and (e) Eurobank Private Bank Luxembourg S.A., 2012-2016. The remaining of the Group's foreign entities (notes 16 and 17), which operate in countries where a statutory tax audit is explicitly stipulated by law, have 1 to 6 open tax years in principle, subject to certain preconditions of the applicable tax legislation of each jurisdiction.

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

The movement on deferred income tax is as follows:

| | 30 June 2017 € million |
|---|---|
| **Balance at 1 January** | 4,942 |
| Income statement credit/(charge) from continuing operations | (2) |
| Available for sale investment securities | (35) |
| Cash flow hedges | (6) |
| Discontinued operations | (4) |
| **Balance at 30 June** | **4,895** |

The movement of € 4 million of discontinued operations mainly refers to the deferred tax liability of € 3.4 million on the taxable temporary differences (capital gains) associated with the investment in Grivalia Properties R.E.I.C. (note 13).

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

| | **30 June 2017 € million** | 31 December 2016 € million |
|---|---|---|
| PSI+ tax related losses | **1,226** | 1,251 |
| Loan impairment and accounting write-offs | **3,161** | 3,121 |
| Unused tax losses | **58** | 54 |
| Losses from disposals and crystallized write-offs of loans | **20** | 8 |
| Valuations through the income statement | **312** | 341 |
| Costs directly attributable to equity transactions | **35** | 38 |
| Cash flow hedges | **19** | 25 |
| Valuations directly to available-for-sale revaluation reserve | **(36)** | (1) |
| Fixed assets | **(8)** | (6) |
| Defined benefit obligations | **13** | 13 |
| Other | **95** | 98 |
| **Net deferred income tax** | **4,895** | 4,942 |

The net deferred income tax is analyzed as follows:

| | **30 June 2017 € million** | 31 December 2016 € million |
|---|---|---|
| Deferred income tax assets | **4,897** | 4,945 |
| Deferred income tax liabilities (note 24) | **(2)** | (3) |
| **Net deferred income tax** | **4,895** | 4,942 |

Deferred income tax (charge)/credit in the income statement is attributable to the following items:

| | **30 June 2017 € million** | 30 June 2016 € million |
|---|---|---|
| Loan impairment and accounting write-offs | **40** | 51 |
| Unused tax losses | **3** | 0 |
| Tax deductible PSI+ losses | **(25)** | (25) |
| Change in fair value and other temporary differences | **(20)** | (17) |
| **Deferred income tax (charge)/credit from continuing operations** | **(2)** | 9 |
| Temporary differences relating to discontinued operations | **(3)** | 2 |
| **Deferred income tax (charge)/credit** | **(5)** | 11 |

As at 30 June 2017, the Group recognized net deferred tax assets amounting to € 4.9 bn as follows:

(a) € 1,226 million refer to losses resulted from the Group's participation in PSI+ and the Greek's state debt buyback program which are subject to amortization (i.e. 1/30 of losses per year starting from year 2012 and onwards) for tax purposes;
(b) € 3,161 million refer to deductible temporary differences arising from loan impairment that can be utilized in future periods with no specified time limit and according to current tax legislation of each jurisdiction and to accounting debt write-offs according to Law 4172/2013 as amended by Law 4465/2017 in March 2017;
(c) € 20 million refer to the unamortized part of the crystallized tax loss arising from NPLs write-offs and disposals, which are subject to amortization (i.e. 1/20 of losses per year starting from year 2016 and onwards), according to Law 4172/2013 as amended by Law 4465/2017 in March 2017;
(d) € 58 million refer to unused tax losses. The ability to utilize tax losses carried forward mainly expires in 2020;
(e) € 35 million mainly refer to deductible temporary differences related to the (unamortized for tax purposes) costs directly attributable to Bank's share capital increases, subject to 10 years' amortization according to tax legislation in force at the year they have been incurred; and
(f) € 395 million refer to other deductible temporary differences (i.e. valuation losses, provisions for pensions and other post-retirement benefits, etc.) the majority of which can be utilized in future periods with no specified time limit and according to the applicable tax legislation of each jurisdiction.

**Assessment of the recoverability of deferred tax assets**

The recognition of the above presented deferred tax assets is based on management's assessment, as at 30 June 2017, that the Group's legal entities will have sufficient future taxable profits, against which the unused tax losses, the deductible temporary differences, as well as the losses from PSI+ and the Greek state's debt buyback program can be utilized. The deferred tax assets are determined on the basis of the tax treatment of each deferred tax asset category, as provided by the applicable tax legislation of each jurisdiction, the eligibility of carried forward losses for offsetting with future taxable profits, the actual tax results for the year ended 31 December 2016 and the extrapolated tax results for the year ended 31 December 2017 using the actual tax results for the period ended 30 June 2017. Additionally, the Group's assessment on the recoverability of recognized deferred tax assets is based on (a) the future performance expectations (projections of operating results) and growth opportunities relevant for determining the expected future taxable profits, (b) the expected timing of reversal of the deductible and taxable temporary differences, (c) the probability that the Group entities will have sufficient taxable profits in the future, in the same period as the reversal of the deductible and taxable temporary differences (i.e. profits/ losses on sale of investments or other assets, etc.) or in the years into which the tax losses can be carried forward, and (d) the historical levels of Group entities' performance in combination with the previous years' tax losses caused by one off or non-recurring events.

For the period ended 30 June 2017 the Group has conducted a deferred tax asset (DTA) recoverability assessment based on its three-year Business Plan that was approved by the Board of Directors in January 2017 and provides outlook of its profitability and capital position for the period up to the end of 2019. The said Business Plan has also been submitted to the Hellenic Financial Stability Fund (HFSF) and to the Single Supervisory Mechanism (SSM).

For the years beyond 2019, the forecast of operating results was based on the management projections considering the growth opportunities of the Greek economy, the banking sector and the Group itself.

The level of the abovementioned projections adopted in the Group's Business Plan is mainly based on assumptions and estimates regarding (a) the further reduction of its funding cost driven by the decrease of the Emergency Liquidity Assistance (ELA) and the gradual elimination of Greek Government Guarantees (GGGs), the gradual repatriation of customer deposits replacing more expensive funding sources, and the further decrease of the respective interest rates, (b) the lower loan impairment losses as a result of the macroeconomic conditions in Greece that are expected to improve gradually and the strategic initiatives in line with the Non-Performing Exposures (NPEs) strategy that the Group has committed to SSM, regarding the effective management of its troubled assets' portfolio, (c) the effectiveness of the continuous cost containment measures, and (d) the gradual restoration of traditional commission income, such as asset management and network fees and commissions relating with capital markets and investment banking activities.

The implementation of the abovementioned Business Plan largely depends on the risks and uncertainties that stem from the macroeconomic environment in Greece and in the countries that the Group operates (note 2).

**Legal framework for tax credit against the Greek State and tax regime for loan losses**

According to article 27A of Law 4172/2013, which is applicable to Greek financial institutions, including leasing and factoring companies, deferred tax assets that have been recognized by the Bank due to (a) losses from the Private Sector Involvement (PSI) and the Greek State Debt Buyback Program, and (b) accumulated provisions and other losses in general due to credit risk (provisions and credit losses) which were accounted as at 30 June 2015, will be converted into directly enforceable claims (tax credit) against the Greek State, in accordance with the law provisions, provided that the Bank's after tax accounting result for the period, is a loss. For the period ended 30 June 2017, the Bank's after tax result amounted to a gain of € 18 million, while deferred tax assets eligible for conversion to tax credits amounted to € 3,989 million.

According to article 43 of Law 4465/2017 (voted by the Greek Parliament in March 2017), which amended Law 4172/2013 with effect from 2016 onwards, the existing legislative framework regarding eligible DTAs/ deferred tax credits (DTCs) accounted for on the accumulated provisions and other losses in general due to credit risk (case (b) above) was revised and tax regime for loan losses was reformed. More specifically, the cumulative DTC will be calculated by applying the current corporate tax rate (on condition that this will not exceed the tax rate that was applicable for tax year 2015, i.e. 29%) on the sum of (i) the unamortized part of the crystallized loan losses from write-offs and disposals, (ii) the accounting debt write-offs and (iii) the remaining accumulated provisions recorded up to 30 June 2015.

The above tax reform provides for a gradual amortization over a twenty-year period of the crystallized tax loss arising from NPLs write-offs and disposals, maintaining the DTC status during all this period, while it disconnects the accounting write-offs from crystallized debt write-offs.

This aforementioned treatment (i.e. extension of the loan loss utilization for a longer period instead of an immediate one-off deduction subject to a five-year carry forward limitation period) safeguards the recovery of the deferred tax asset recorded on NPLs.

The new rules related to the method of calculating the DTC safeguard the Bank's regulatory capital structure, while they contribute substantially to the achievement of the NPEs reduction targets, through the acceleration of write-offs and disposals.

In May 2017, according to article 82 of Law 4472/2017, which further amended article 27A of Law 4172/2013, an annual fee of 1.5% is imposed on the excess amount of deferred tax assets guaranteed by the Greek State, stemming from the difference between the current tax rate (i.e. 29%) and the tax rate applicable on 30 June 2015 (i.e. 26%). For the period ended 30 June 2017, an amount of € 10 million has been recognized in the income statement of which an amount of € 7 million refers to the respective fee for the year 2016.

## 13. Discontinued operations

**Grivalia subgroup classified as held for sale**

In June 2017, Grivalia subgroup (Grivalia Properties R.E.I.C. and its subsidiaries) was classified as a disposal group held for sale, as the sale of the Bank's entire holding of 20% in the share capital of Grivalia Properties R.E.I.C. was considered highly probable.

The fair value less costs to sell of the Group's share in Grivalia subgroup, which was determined by reference to the share price of Grivalia Properties R.E.I.C in the Athens Stock Exchange as at 30 June 2017 (i.e. € 9.15 per share resulting in a market value of € 185 million for the Group's share), exceeded the respective carrying amount, therefore no impairment loss was recognized upon the remeasurement of the disposal group at the lower of its carrying amount and fair value less costs to sell. This is a non-recurring fair value measurement, categorized as Level 1 in the fair value hierarchy.

The held for sale operations of Grivalia subgroup include: a) Grivalia Properties R.E.I.C. and its subsidiaries in Greece and Luxembourg, which are presented in other operations segment, and b) Grivalia's subsidiaries in Romania and Serbia, which are presented in International segment.

The results of Grivalia subgroup are set out below.

| | Six months ended 30 June | |
|---|---|---|
| | **2017** | 2016 |
| | **€ million** | € million |
| Net interest Income | **(1)** | (1) |
| Income from non banking services | **32** | 31 |
| Operating Expenses | **(11)** | (10) |
| **Profit before impairments from discontinued operations** | **20** | 20 |
| Other impairment losses | **0** | (6) |
| **Profit before tax from discontinued operations** | **20** | 14 |
| Income tax [(1)] | **(9)** | (4) |
| **Profit after tax from discontinued operations** | **11** | 10 |
| Net profit from discontinued operations attributable to non controlling interests | **11** | 8 |
| **Net profit from discontinued operations attributable to shareholders** | **0** | 2 |

[(1)] *Following the classification of Grivalia subgroup as held for sale as of 30 June 2017, the Group recognized a DTL of € 3.4 million on the taxable temporary differences (capital gains) associated with the investment in Grivalia Properties R.E.I.C. (note 12).*

The major classes of assets and liabilities of Grivalia subgroup classified as held for sale are as follows:

| | 30 June 2017 € million |
|---|---|
| Investment property | **574** |
| Property, plant and equipment | **241** |
| Due from credit institutions | **49** |
| Investments in associates and joint ventures | **33** |
| Other assets | **38** |
| **Total assets of disposal group classified as held for sale** | **935** |
| Due to credit institutions | **50** |
| Other liabilities | **26** |
| **Total liabilities of disposal group classified as held for sale** | **76** |
| Net Intragroup liabilites associated with Grivalia subgroup | **53** |
| **Net assets of disposal group classified as held for sale** | **806** |
| Net assets of disposal group classified as held for sale attributable to non controlling interests | **634** |
| **Net assets of disposal group classified as held for sale attributable to shareholders** | **172** |

As at 30 June 2017, cumulative losses (mainly currency translation differences) attributable to shareholders recognized in other comprehensive income that related to Grivalia subgroup, amounted to € 4 million.

***Post balance sheet event***

On 4 July 2017, the Bank announced the successful sale of its shareholding in Grivalia Properties R.E.I.C., via an institutional private placement by way of an accelerated bookbuild offering to institutional investors at a price of € 8.80 per share, for a total cash consideration of € 178 million. The effect of the disposal resulted to € 5 million loss after tax, including selling costs of € 2.5 million, recyclement to the income statement of the aforementioned € 4 million cumulative losses, previously recognized in other comprehensive income and tax expense € 4.6 million (of which € 3.4 million as mentioned above, recognized in the first half of 2017). The transaction, which was in line with the Bank's restructuring plan, was capital accretive for the Group, as it increased its common equity Tier 1 ratio (based on the full implementation of the Basel III rules) by 30 bps, mainly due to deconsolidation of risk weighted assets of circa € 875 million.

**Disposal of Insurance operations**

On 22 December 2015, the Group announced that it has reached an agreement with Fairfax Financial Holdings Limited (Fairfax) to sell 80% of Eurolife ERB Insurance Group Holdings S.A. (Eurolife) (the Transaction). Accordingly, as of that date the Group's insurance operations were classified as held for sale. In the first half of 2016, the net profit attributable to the Group's insurance operations amounted to € 22 million, while the loss recognized in other comprehensive income (mainly related to the change of available for sale revaluation reserve) amounted to € 7 million.

On 4 August 2016, the Transaction which was in line with the Bank's restructuring plan (note 6), was completed and the retained 20% interest in Eurolife was recognized as an associate. The Transaction included: (a) Eurolife's Greek life and non-life insurance activities and Eurolife's brokerage subsidiary in Greece, which were presented in Wealth management segment, (b) Eurolife's Romanian life and non-life insurance activities, which were presented in International segment and (c) the bancassurance agreements between Eurolife subsidiaries and Eurobank, for the exclusive distribution of insurance products in Greece and Romania through Eurobank's sales network.

**Disposal of operations in Ukraine**

In March 2014, management committed to a plan to sell the Group's operations in Ukraine (including Public J.S.C. Universal Bank). Accordingly, as of March 2014 the Group's operations in Ukraine were classified as held for sale.

On 23 December 2016, in line with the Bank's restructuring plan, Eurobank and TAS group concluded on the acquisition of Public J.S.C. Universal Bank by the latter. In the first half of 2016, the net loss attributable to the Group's operations in Ukraine amounted to € 1 million, while the loss recognized in other comprehensive income (related to currency translation differences) amounted to € 1 million.

Further information in relation to the disposal of the Group's Insurance and Ukrainian operations is provided in note 17 of the consolidated financial statements for the year ended 31 December 2016.

## 14. Loans and advances to customers

| | 30 June 2017 € million | 31 December 2016 € million |
|---|---|---|
| Wholesale lending | **19,269** | 19,335 |
| Mortgage lending | **17,465** | 17,844 |
| Consumer lending [(1)] | **6,257** | 6,328 |
| Small business lending | **7,125** | 7,149 |
| | **50,116** | 50,656 |
| Less: Impairment allowance (note 10) | **(11,304)** | (11,598) |
| **Total** | **38,812** | 39,058 |

[(1)] *Credit cards balances are included.*

As at 30 June 2017, the Group's non performing exposures amounted to € 22,107 million (31 December 2016: € 22,888 million).

As of 30 September 2014, in accordance with IAS 39 'Financial Instruments: Recognition and Measurement', the Group has elected to reclassify certain impaired corporate bond loans from the 'Available-for-sale' portfolio to 'Loans and advances to customers' portfolio that met the definition of loans and receivables and the Group has the intention and ability to hold them for the foreseeable future or until maturity. The reclassifications were made with effect from 30 September 2014 at the loans' fair value of € 150 million (gross amount of € 592 million less fair value adjustment of € 442 million), which became their amortized cost at the reclassification date.

As at 30 June 2017, the carrying amount of these loans is € 87 million which approximates their fair value. No amounts would have been recognized in the OCI had these financial assets not been reclassified.

**Non-performing loans sale transactions**

In the first quarter of 2016, Eurobank's Bulgarian subsidiary Eurobank Bulgaria A.D. completed the profitable assignment of a portfolio of non-performing (NPLs) consumer unsecured gross loans of € 72 million (€ 9 million, net of impairment allowance), which resulted in a gain of € 5 million, that has been recognized in 'Other operating income'.

In the second quarter of 2016, Eurobank's Romanian subsidiaries Bancpost S.A. and ERB Retail Services IFN S.A., and its Dutch subsidiary ERB New Europe Funding II B.V. completed the assignment of a portfolio of non-performing gross loans of € 162 million (€ 55 million, net of provision for impairment), which resulted in a gain of € 6 million, that has been recognized in 'Other operating income'.

**Operational targets for Non-Performing Exposures (NPEs)**

In line with the national strategy for the reduction of NPEs, the Bank of Greece (BoG), in cooperation with the supervisory arm of the European Central Bank (ECB), has designed an operational targets framework for NPE management, supported by several key performance indicators. Pursuant to the said framework, the Greek banks submitted at the end of September 2016 a set of NPEs operational targets together with a detailed NPEs management strategy with a three-year time horizon, which were formed on the basis of key macroeconomic assumptions. The supervisory authority reviews the course to meeting the operational targets on a quarterly basis.

In accordance with the latest BoG report issued in June 2017, the Greek banks managed in total to meet the targets for the reduction in the stock of NPEs. More specifically, at the end of March 2017, the stock of NPEs (excluding off-balance sheet items) amounted to € 103.9 bn or € 1.4 bn lower than the targeted amount. With respect to the target for the stock of NPLs (90 days past due loans), their balances stood at € 75.2 bn slightly higher by approximately € 0.5 bn than the targeted amount.

In the first months of 2017, significant legislative changes towards the reduction of NPEs include the amendment of Law 4172/2013 for lifting tax-related impediments (note 12), the voting of Law 4469/2017 for the out-of-court workout mechanism for businesses, as well as a law (Law 4472/2017) on e-auctions and on the regulation of the Bank Executives' legal responsibilities for NPEs workouts.

Further information in relation to the NPE operational targets of the Greek banking system, the key risks and the Bank's NPE strategy is provided in the note 7.2 of the consolidated financial statements for the year ended 31 December 2016.

## 15. Investment securities

| | **30 June 2017 € million** | 31 December 2016 € million |
|---|---|---|
| Available-for-sale investment securities | **4,868** | 3,670 |
| Debt securities lending portfolio | **5,782** | 8,227 |
| Held-to-maturity investment securities | **456** | 566 |
| **Total** | **11,106** | 12,463 |

The investment securities per category are analyzed as follows:

| | **30 June 2017** | | | |
|---|---|---|---|---|
| | **Available-for-sale securities € million** | **Debt securities lending portfolio € million** | **Held-to-maturity securities € million** | **Total € million** |
| **Debt securities** | | | | |
| - EFSF bonds | **51** | **4,551** | **-** | **4,602** |
| - Greek government bonds | **1,187** | **903** | **-** | **2,090** |
| - Greek government treasury bills | **1,493** | **-** | **-** | **1,493** |
| - Other government bonds | **1,766** | **297** | **294** | **2,357** |
| - Other issuers | **261** | **31** | **162** | **454** |
| | **4,758** | **5,782** | **456** | **10,996** |
| **Equity securities** | **110** | **-** | **-** | **110** |
| **Total** | **4,868** | **5,782** | **456** | **11,106** |

| | 31 December 2016 | | | |
|---|---|---|---|---|
| | Available--for-sale securities € million | Debt securities lending portfolio € million | Held-to--maturity securities € million | Total € million |
| Debt securities | | | | |
| - EFSF bonds | - | 6,843 | - | 6,843 |
| - Greek government bonds | 1,039 | 929 | - | 1,968 |
| - Greek government treasury bills | 1,289 | - | - | 1,289 |
| - Other government bonds | 909 | 306 | 393 | 1,608 |
| - Other issuers | 290 | 149 | 173 | 612 |
| | 3,527 | 8,227 | 566 | 12,320 |
| Equity securities | 143 | - | - | 143 |
| Total | 3,670 | 8,227 | 566 | 12,463 |

In 2008 and 2010, in accordance with the amendments to IAS 39 'Financial Instruments: Recognition and Measurement', the Group reclassified eligible debt securities from the 'Available-for-sale' portfolio to 'Debt securities lending' portfolio carried at amortized cost. Interest on the reclassified securities continued to be recognized in interest income using the effective interest rate method. As at 30 June 2017, the carrying amount of the reclassified securities was € 893 million. Had the financial assets not been reclassified, changes in the fair value for the period from the reclassification date until 30 June 2017 would have resulted in € 336 million losses net of tax, which would have been recognized in the available-for-sale revaluation reserve.

During the first half of 2017, the Group proceeded with the deleveraging of its equity investments portfolio, recognizing a gain of € 24 million, presented in line 'Gains less losses from investment securities'. In the comparative period, a total gain of € 53 million was recognized following the completion of the acquisition of Visa Europe Ltd by Visa Inc.

**Sale of European Financial Stability Facility (EFSF) notes**

In the context of the European Stability Mechanism (ESM)/EFSF decision for the implementation of the short-term Greek debt relief measures and following the relevant Board of Directors (BoD) decision on 20 January 2017, the Bank, along with the other three systemic Greek banks, has entered into an agreement with the EFSF, the Hellenic Republic, the HFSF and the Bank of Greece on 16 March 2017 for the exchange of the EFSF floating rate notes, which had been used for the recapitalization of the Greek banking system. This agreement aims to reduce Greece's interest rate risk and smoothen its debt repayment profile. Particularly, the said EFSF notes will be exchanged at their book value with either cash or fixed rate ones with a longer maturity, which would be sold back, after a short holding period, to EFSF. The exchange is expected to take place gradually within the next months and will be implemented through a series of separate monthly transactions, which will ultimately result in the sale of the Bank's EFSF floating rate notes at their book value.

In this context, in the first half of 2017 and in July 2017, the Bank exchanged floating rate EFSF notes of face value of € 2.5 bn and € 955 million, respectively, with fixed rate EFSF notes of equivalent face value. Up to 30 June 2017 and until the end of August 2017, exchanged EFSF notes of face value of € 2.1 bn and € 1.4 bn respectively, were sold back to the EFSF. The above transactions had no effect in the Bank's income statement.

In January 2017, prior to the aforementioned BoD decision and in line with the relevant EFSF decision in April 2016 that allowed Greek banks to sell the said notes to the members of the Eurosystem in accordance with the conditions applicable to the Public Sector Asset Purchase Program (PSPP), the Bank proceeded with the sale of EFSF notes of face value of € 187 million, recognizing a gain of € 5 million in 'Gains less losses from investment securities'.

## 16. Shares in subsidiary undertakings

The following is a listing of the Bank's subsidiaries at 30 June 2017, included in the condensed consolidated interim financial statements for the period ended 30 June 2017:

| Name | Note | Percentage holding | Country of incorporation | Line of business |
|---|---|---|---|---|
| Be Business Exchanges S.A. of Business Exchanges Networks and Accounting and Tax Services | | 98.01 | Greece | Business-to-business e-commerce, accounting and tax services |
| Cloud Hellas S.A.[(1)] | | 20.00 | Greece | Real estate |
| Eurobank Asset Management Mutual Fund Mngt Company S.A. | | 100.00 | Greece | Mutual fund and asset management |
| Eurobank Equities S.A. | | 100.00 | Greece | Capital markets and advisory services |
| Eurobank Ergasias Leasing S.A. | | 100.00 | Greece | Leasing |
| Eurobank Factors S.A. | | 100.00 | Greece | Factoring |
| Eurobank FPS Loans and Credits Claim Management S.A. | c | 100.00 | Greece | Loans and Credits Claim Management |
| Eurobank Household Lending Services S.A. | | 100.00 | Greece | Promotion/management of household products |
| Grivalia Properties R.E.I.C. [(1)] | | 20.00 | Greece | Real estate |
| Eurobank Property Services S.A. | | 100.00 | Greece | Real estate services |
| Eurobank Remedial Services S.A. | | 100.00 | Greece | Notification to overdue debtors |
| Hellenic Post Credit S.A. | | 50.00 | Greece | Credit card management and other services |
| Eurobank ERB Mutual Funds Mngt Company S.A. [(2)] | | 100.00 | Greece | Mutual fund management |
| Herald Greece Real Estate development and services company 1 | | 100.00 | Greece | Real estate |
| Herald Greece Real Estate development and services company 2 | | 100.00 | Greece | Real estate |
| Standard Ktimatiki S.A. | a | 100.00 | Greece | Real estate |
| Eurobank Bulgaria A.D. | | 99.99 | Bulgaria | Banking |
| Bulgarian Retail Services A.D. | | 100.00 | Bulgaria | Rendering of financial services and credit card management |
| ERB Property Services Sofia A.D. | | 100.00 | Bulgaria | Real estate services |
| ERB Leasing E.A.D. | | 100.00 | Bulgaria | Leasing |
| IMO 03 E.A.D. | | 100.00 | Bulgaria | Real estate services |
| IMO Central Office E.A.D. | | 100.00 | Bulgaria | Real estate services |
| IMO Property Investments Sofia E.A.D. | | 100.00 | Bulgaria | Real estate services |
| ERB Hellas (Cayman Islands) Ltd | | 100.00 | Cayman Islands | Special purpose financing vehicle |
| Berberis Investments Ltd | | 100.00 | Channel Islands | Holding company |
| ERB Hellas Funding Ltd | | 100.00 | Channel Islands | Special purpose financing vehicle |
| Eurobank Cyprus Ltd | | 100.00 | Cyprus | Banking |
| CEH Balkan Holdings Ltd | | 100.00 | Cyprus | Holding company |
| Chamia Enterprises Company Ltd | | 100.00 | Cyprus | Special purpose investment vehicle |
| ERB New Europe Funding III Ltd | | 100.00 | Cyprus | Finance company |
| Foramonio Ltd | | 100.00 | Cyprus | Real estate |
| NEU 03 Property Holdings Ltd | | 100.00 | Cyprus | Holding company |
| NEU II Property Holdings Ltd | | 100.00 | Cyprus | Holding company |
| NEU BG Central Office Ltd | | 100.00 | Cyprus | Holding company |
| NEU Property Holdings Ltd | | 100.00 | Cyprus | Holding company |
| Kamlo Investments Ltd | h | 100.00 | Cyprus | Real estate |
| Eurobank Private Bank Luxembourg S.A. | | 100.00 | Luxembourg | Banking |
| Eurobank Fund Management Company (Luxembourg) S.A. | | 100.00 | Luxembourg | Fund management |
| Eurobank Holding (Luxembourg) S.A. | | 100.00 | Luxembourg | Holding company |
| Grivalia New Europe S.A.[(1)] | | 20.00 | Luxembourg | Real estate |
| ERB New Europe Funding B.V. | | 100.00 | Netherlands | Finance company |
| ERB New Europe Funding II B.V. | | 100.00 | Netherlands | Finance company |
| ERB New Europe Holding B.V. | | 100.00 | Netherlands | Holding company |

| Name | Note | Percentage holding | Country of incorporation | Line of business |
|---|---|---|---|---|
| Bancpost S.A. | | 99.15 | Romania | Banking |
| Eliade Tower S.A.[(1)] | | 20.00 | Romania | Real estate |
| ERB IT Shared Services S.A. | | 100.00 | Romania | Informatics data processing |
| ERB Leasing IFN S.A. | | 100.00 | Romania | Leasing |
| ERB Retail Services IFN S.A. | | 100.00 | Romania | Credit card management |
| Eurobank Finance S.A. | | 100.00 | Romania | Investment banking |
| Eurobank Property Services S.A. | | 100.00 | Romania | Real estate services |
| IMO Property Investments Bucuresti S.A. | | 100.00 | Romania | Real estate services |
| IMO-II Property Investments S.A. | | 100.00 | Romania | Real estate services |
| Retail Development S.A.[(1)] | | 20.00 | Romania | Real estate |
| Seferco Development S.A.[(1)] | | 20.00 | Romania | Real estate |
| Eurobank A.D. Beograd | | 99.98 | Serbia | Banking |
| ERB Leasing A.D. Beograd [(2)] | i | 99.99 | Serbia | Leasing |
| ERB Property Services d.o.o. Beograd | | 100.00 | Serbia | Real estate services |
| IMO Property Investments A.D. Beograd | | 100.00 | Serbia | Real estate services |
| Reco Real Property A.D.[(1)] | | 20.00 | Serbia | Real estate |
| ERB Istanbul Holding A.S. | | 100.00 | Turkey | Holding company |
| ERB Hellas Plc | | 100.00 | United Kingdom | Special purpose financing vehicle |
| Anaptyxi SME I Plc | | - | United Kingdom | Special purpose financing vehicle |
| Karta II Plc | | - | United Kingdom | Special purpose financing vehicle |
| Themeleion II Mortgage Finance Plc [(2)] | | - | United Kingdom | Special purpose financing vehicle |
| Themeleion III Mortgage Finance Plc [(2)] | | - | United Kingdom | Special purpose financing vehicle |
| Themeleion IV Mortgage Finance Plc [(2)] | | - | United Kingdom | Special purpose financing vehicle |
| Themeleion Mortgage Finance Plc [(2)] | | - | United Kingdom | Special purpose financing vehicle |
| Tegea Plc | | - | United Kingdom | Special purpose financing vehicle |

[(1)] *As at 30 June 2017, the consolidation percentage of Grivalia subgroup amounts to 20.83% after excluding Grivalia's own shares. In June 2017, Grivalia subgroup (Grivalia Properties R.E.I.C. and its subsidiaries) was classified as a disposal group held for sale (note 13).*

[(2)] *Entities under liquidation at 30 June 2017.*

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

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

(ii) Dormant/under liquidation entities: Enalios Real Estate Development S.A., Hotels of Greece S.A.

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

**(a) Standard Ktimatiki S.A., Greece**

In January 2017, the Bank acquired 100% of the shares and voting rights of the real estate company Standard Ktimatiki S.A. for a cash consideration of € 0.75 million. The acquisition took place following an enforcement of collateral on the company's shares under a Group's finance lease arrangement of an outstanding amount of € 20 million (net of an impairment allowance of € 25 million).

The acquisition was accounted for as a business combination using the purchase method of accounting. The fair value measurement of the assets and liabilities acquired has not been finalized up to the date of the publication of these financial statements. At the date of acquisition, the provisional values of the total assets amounted to € 22 million, while total liabilities (mainly referring to the intragroup finance lease) amounted to € 45 million. Based on the provisional values stated above, the resulting goodwill asset of € 24 million was immediately written off against the impairment allowance of the intragroup finance lease arrangement, as it was not supported by the cash flows analysis of the specific business.

**(b) Grivalia Hospitality S.A., Luxembourg**
In February 2017, the participation of the Bank's subsidiary Grivalia Properties R.E.I.C in the company decreased from 100% to 50% following a share capital increase of € 58 million, in favor of the new shareholder of the company Eurolife ERB Life Insurance S.A. Based on the contractual terms of the shareholders' agreements, the company is accounted as a joint venture of the Group under the equity method. In March 2017, the acquisition of 100% of Pearl Island Holdings Limited by the company was completed.

**(c) Eurobank FPS Loans and Credits Claim Management S.A., Greece**
In the first quarter of 2017, the company's purpose as defined in its articles of association was amended and its name was changed from Eurobank Financial Planning Services S.A. to Eurobank FPS Loans and Credits Claim Management S.A. Following the above, the company obtained a license from the Bank of Greece that allows it to operate as an independent servicer of loans granted by credit or financial institutions pursuant to the Law 4354/2015.

**(d) Anaptyxi II Holdings Ltd and Anaptyxi II Plc, United Kingdom**
In March 2017, the liquidation of the companies was completed.

**(e) Daneion Holdings Ltd, Daneion 2007-1 Plc and Daneion APC Ltd, United Kingdom**
In March 2017, the liquidation of the companies was completed.

**(f) Eurobank Business Services S.A., Greece**
In April 2017, the disposal of the company was completed for a total cash consideration of € 2.1 million. The resulting gain from the transaction recognized in the Group's income statement amounts to € 0.5 million.

**(g) ERB Asset Fin d.o.o. Beograd, Serbia**
In April 2017, the liquidation of the company was completed.

**(h) Kamlo Investments Ltd, Cyprus**
In May 2017, the Group acquired 100% of the shares and voting rights of Kamlo Investments Ltd through its subsidiary Eurobank Cyprus Ltd.

**(i) ERB Leasing A.D. Beograd, Serbia**
In June 2017, the liquidation of the company was decided.

**Acquisition of Alpha Bank's Branch in Bulgaria by Eurobank Bulgaria A.D.**
On 1 March 2016, the acquisition of the entirety of the operations of Alpha Bank's Bulgarian Branch ('Branch') by Eurobank's subsidiary in Bulgaria, Eurobank Bulgaria A.D. ('Postbank') was completed. In addition, in the context of the business combination, on 2 March 2016 the Bank acquired € 55 million of Postbank's liabilities to Alpha Bank Group. The total gain on the acquisition of the Branch, amounting to € 55 million net of acquisition-related costs of € 3 million, was attributed to the particular circumstances of the acquisition in line with the restructuring plans for Alpha Bank and Eurobank and was recognized in 'Other operating income' in the first quarter of 2016.

The results of the Branch were incorporated in the Group's financial statements prospectively, as of 1 March 2016. If the acquisition had occurred on 1 January 2016, the Branch would have contributed revenue of € 2.71 million and net loss of € 0.26 million to the Group for the period from 1 January 2016 up to the date of acquisition.

***Post balance sheet events***

**Grivalia Properties R.E.I.C., Greece**
On 4 July 2017, the Group announced the completion of the sale of 20% of Grivalia Properties R.E.I.C. Hence, as of that date, the company and its subsidiaries (Reco Real Property A.D., Cloud Hellas S.A., Eliade Tower S.A., Retail Development S.A., Seferco Development S.A. and Grivalia New Europe S.A.) are not consolidated (note 13).

**Eurobank ERB Mutual Funds Mngt Company S.A., Greece**
In July 2017, the liquidation of the company was completed.

**Eurobank FPS Loans and Credits Claim Management S.A., Greece**
In August 2017, Eurobank FPS Loans and Credits Claim Management S.A. merged with Eurobank Remedial Services S.A.

## 17. Investments in associates and joint ventures

As at 30 June 2017, the Group's investments in associates and joint ventures amounted to € 118 million (31 December 2016: € 101 million). The following is the listing of the Group's associates and joint ventures as at 30 June 2017:

| Name | Note | Country of incorporation | Line of business | Group's share |
|---|---|---|---|---|
| Femion Ltd | | Cyprus | Special purpose investment vehicle | 66.45 |
| Tefin S.A. (1) | | Greece | Dealership of vehicles and machinery | 50.00 |
| Grivalia Hospitality S.A. (2) | | Luxembourg | Real estate | 50.00 |
| Piraeus Port Plaza 1 Development S.A. (2) | | Greece | Real estate | 50.00 |
| Sinda Enterprises Company Ltd | | Cyprus | Special purpose investment vehicle | 48.00 |
| Singidunum - Buildings d.o.o. Beograd | c | Serbia | Development of building projects | 42.37 |
| Alpha Investment Property Kefalariou S.A. | a | Greece | Real estate | 41.67 |
| Global Finance S.A. (3) | | Greece | Investment financing | 33.82 |
| Rosequeens Properties Ltd | | Cyprus | Special purpose investment vehicle | 33.33 |
| Rosequeens Properties SRL | | Romania | Real estate | 33.33 |
| Famar S.A. | b | Luxembourg | Holding company | 23.55 |
| Odyssey GP S.a.r.l. | | Luxembourg | Special purpose investment vehicle | 20.00 |
| Eurolife ERB Insurance Group Holdings S.A. (4) | | Greece | Holding company | 20.00 |

*(1) In December 2013, the Extraordinary General Meeting of shareholders of the company decided its liquidation.*

*(2) The Bank's subsidiary Grivalia Properties R.E.I.C. holds 50% of the share capital of the company. Accordingly, under the equity method of accounting, 10.42% of the company's net assets is attributable to the shareholders of the Bank, while 39.58% is attributable to non-controlling interests.*

*(3) Global Finance group (Global Finance S.A. and its subsidiaries) is considered as a Group's associate.*

*(4) Eurolife Insurance group (Eurolife ERB Insurance Group Holdings S.A. and its subsidiaries) is considered as a Group's associate.*

**(a) Alpha Investment Property Kefalariou S.A., Greece**

In January 2017, in the context of the debt restructuring of NIKAS S.A. and its subsidiaries, the Bank acquired 41.67% of the shares and voting rights of Alpha Investment Property Kefalariou S.A. for € 0.01 million. The Bank subsequently participated, along with the other banks holding a collateralized bond loan to NIKAS S.A. (Alpha Bank and Attica Bank), in the share capital increase of Alpha Investment Property Kefalariou S.A. on a pro rata basis with € 7.5 million, out of a total amount of € 18 million.

Following the execution of the Nikas' Debt Restructuring Agreement, that includes among others the debt to asset swap of a certain real estate property, Alpha Investment Property Kefalariou S.A. acquired from NIKAS S.A. the property which served at the time as collateral to the related bond loan for a total consideration of € 17 million. The proceeds from the disposal of the property were used by NIKAS S.A. to partially settle its debt obligations against the banks.

Alpha Investment Property Kefalariou S.A. is accounted for as an associate of the Group.

**(b) Famar S.A., Luxembourg**

On 7 March 2017, the Bank acquired 24.37% of the shares and voting rights of Famar S.A. for a cash consideration of € 2. The acquisition took place following the execution of a Restructuring Protocol, according to which Marinopoulos Holding S.à r.l. had agreed to sell the company's shares to Eurobank, Alpha Bank, National Bank of Greece and Piraeus Bank (the Greek banks). The Bank's participation in the company's share capital was subsequently decreased to 23.55%. In accordance with the terms of the shareholders' agreement signed on 7 March 2017, the management of Famar S.A. was assumed by Pillarstone and the Greek banks. Furthermore, new funds equal to € 40 million were made available to Famar S.A. by the Greek Banks (Eurobank participated at a proportion of 24.37%) and the outstanding senior debt facility of Famar Holding was restructured. The purpose of the acquisition of Famar S.A. by the Greek banks was to maximize the potential recovery of the loans granted to Famar Group and the loans to Marinopoulos Group, which were secured by a pledge over Famar's shares.

Based on the terms of the shareholders' agreement, the Bank has significant influence over Famar S.A. and at the same time remains the beneficiary of the share pledge agreement in relation to the aforementioned loans. As a result, the Group's proportionate share in any increase in Famar S.A.'s net assets will be reflected through the respective pledge securing the existing loan facilities.

**(c) Singidunum - Buildings d.o.o. Beograd, Serbia**

In the second quarter of 2017, the Group's participation in Singidunum decreased from 43.19% to 42.37%, following a debt to equity conversion in favor of the other shareholder, Lamda Development B.V.

***Post balance sheet event***

**Grivalia Hospitality S.A.,Luxembourg and Piraeus Port Plaza 1 Development S.A., Greece**

On 4 July 2017, the Group announced the completion of the sale of 20% of Grivalia Properties R.E.I.C. Hence, as of that date, Grivalia Hospitality S.A. and Piraeus Port Plaza 1 Development S.A., joint ventures of Grivalia Properties R.E.I.C., are derecognized (note 13).

## 18. Investment property

The movement of investment property (net book value) is as follows:

| | 30 June 2017 € million |
|---|---|
| **Cost:** | |
| **Balance at 1 January** | 986 |
| Arising from acquisition [1] | 21 |
| Transfers from/to repossessed assets | 3 |
| Other transfers | 3 |
| Additions | 1 |
| Disposals and write-offs | (16) |
| Impairments | (5) |
| Discontinued operations [2] | (626) |
| **Balance at 30 June** | 367 |
| **Accumulated depreciation:** | |
| **Balance at 1 January** | (81) |
| Transfers | (1) |
| Disposals and write-offs | 3 |
| Charge for the period | (3) |
| Discontinued operations [2] | 55 |
| **Balance at 30 June** | (27) |
| **Net book value at 30 June** | 340 |

*[1] It relates to the acquisition of Standard Ktimatiki S.A. (note 16).*
*[2] It refers to Grivalia subgroup, which has been classified as held for sale (note 13).*

## 19. Other assets

| | 30 June 2017 € million | 31 December 2016 € million |
|---|---|---|
| Receivable from Deposit Guarantee and Investment Fund | 700 | 695 |
| Repossessed properties and relative prepayments | 396 | 406 |
| Pledged amount for a Greek sovereign risk financial guarantee | 242 | 242 |
| Income tax receivable | 165 | 192 |
| Other guarantees | 68 | 74 |
| Prepaid expenses and accrued income | 84 | 57 |
| Other assets | 142 | 185 |
| **Total** [1] | 1,797 | 1,851 |

*[1] As at 30 June 2017, Investments in associates and joint ventures have been presented as a separate line on the face of balance sheet. Comparative information has been adjusted accordingly.*

As at 30 June 2017, other assets amounting to € 142 million include, among others, receivables related to (a) settlement balances with customers, (b) public entities, (c) legal cases, net of provisions and (d) brokerage activity.

## 20. Due to central banks

| | 30 June 2017 € million | 31 December 2016 € million |
|---|---|---|
| Secured borrowing from ECB and BoG | **13,839** | 13,906 |

As at 30 June 2017, the Bank's dependency on Eurosystem financing facilities stood at € 13.8 bn (of which € 11.2 bn funding from ELA). Furthermore the Bank replaced € 1.3 bn funding from ECB's main refinancing operations (MROs) with ECB's targeted longer-term refinancing operations (TLTROs). As at 31 July 2017, the Eurosystem funding reduced further to € 12.5 bn, of which € 9.9 bn funding from ELA, mainly as a result of selective asset deleveraging (note 15), increased repo transactions and deposit inflows.

## 21. Due to credit institutions

| | 30 June 2017 € million | 31 December 2016 € million |
|---|---|---|
| Secured borrowing from credit institutions | **5,022** | 7,275 |
| Borrowings from international financial and similar institutions | **377** | 362 |
| Interbank takings | **73** | 50 |
| Current accounts and settlement balances with banks | **112** | 74 |
| Other borrowings | **-** | 19 |
| **Total** | **5,584** | 7,780 |

As at 30 June 2017, the majority of secured borrowing transactions with other banks were conducted with foreign financial institutions with collaterals EFSF bonds, covered bonds and Greek government guaranteed bonds issued and retained by the Bank (notes 15 and 23). As at 30 June 2017, borrowings from international financial and similar institutions include borrowings from European Investment Bank, European Bank for Reconstruction and Development and other similar institutions.

## 22. Due to customers

| | 30 June 2017 € million | 31 December 2016 € million |
|---|---|---|
| Savings and current accounts | **19,271** | 19,124 |
| Term deposits | **14,769** | 14,806 |
| Repurchase agreements | **53** | 53 |
| Other term products (note 23) | **8** | 48 |
| **Total** | **34,101** | 34,031 |

The other term products relate to senior medium-term notes held by Group's customers, amounting to € 8 million (31 December 2016: € 16 million). The subordinated notes held by Group's customers, matured in June 2017 (31 December 2016: € 32 million).

## 23. Debt securities in issue

| | 30 June 2017 € million | 31 December 2016 € million |
|---|---|---|
| Medium-term notes (EMTN) (note 22) | **54** | 59 |
| Subordinated - Lower Tier II (note 22) | **-** | 43 |
| **Total** | **54** | 102 |

**Medium-term notes (EMTN)**

During the first half of 2017, the Group proceeded with the repurchase of medium term notes of face value of € 5 million, recognizing a gain of € 0.2 million presented in line 'Net trading income' of Group's income statement.

**Subordinated (Lower TIER II)**

In the first half of 2017, the subordinated notes issued by the Group of face value of € 75 million, € 32 million of which were held by Group's customers (note 22), matured.

**Government guaranteed and covered bonds**

As at 30 June 2017, the government guaranteed bonds under the second stream of the Greek Economy Liquidity Support Program (note 4), as well as the covered bonds, of face value of € 1,500 million and € 2,275 million, respectively, were retained by the Bank.

During the first half of 2017, Government guaranteed bonds of face value of € 1,500 million matured, while the Bank proceeded with the issue of Pillar II bonds of face value of € 500 million.

***Post balance sheet event***

In July 2017, the Bank proceeded with the issue of covered bonds of face value of € 475 million. The total issue was held by the Bank.

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

## 24. Other liabilities

| | 30 June 2017 € million | 31 December 2016 € million |
|---|---|---|
| Balances under settlement [1] | **251** | 249 |
| Other provisions | **112** | 121 |
| Deferred income and accrued expenses | **121** | 82 |
| Sovereign risk financial guarantee | **46** | 48 |
| Standard legal staff retirement indemnity obligations | **49** | 48 |
| Income taxes payable | **12** | 18 |
| Deferred tax liabilities (note 12) | **2** | 3 |
| Other liabilities | **136** | 209 |
| **Total** | **729** | 778 |

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

As at 30 June 2017, other liabilities amounting to € 136 million mainly consist of payables relating with (a) suppliers and creditors, (b) contributions to insurance organizations and (c) duties and other taxes.

As at 30 June 2017, other provisions amounting to € 112 million mainly include € 70 million for outstanding litigations and claims in dispute (note 30), € 27 million for restructuring costs (of which € 25 million relate to the Voluntary Exit Scheme (VES)) and € 10 million for other operational risk events.

The implementation of the VES, which was designed for the Group's employees in Greece in the context of the implementation of the Bank's restructuring plan and in line with the related principal commitments described therein (note 6), commenced in the second quarter of 2016 and is expected to be completed within the following months.

## 25. Ordinary share capital, share premium and treasury shares

The par value of the Bank's shares is € 0.30 per share. All shares are fully paid. The movement of ordinary share capital, share premium and treasury shares is as follows:

| | Ordinary share capital € million | Treasury shares € million | Net € million | Share premium € million | Treasury shares € million | Net € million |
|---|---|---|---|---|---|---|
| **Balance at 1 January 2017** | **656** | **(1)** | **655** | **8,056** | **(1)** | **8,055** |
| Purchase of treasury shares | - | **(0)** | **(0)** | - | (1) | **(1)** |
| Sale of treasury shares | - | **0** | **0** | - | 1 | **1** |
| **Balance at 30 June 2017** | **656** | **(1)** | **655** | **8,056** | **(1)** | **8,055** |

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

| | Number of shares | | |
|---|---|---|---|
| | Issued ordinary shares | Treasury shares | Net |
| **Balance at 1 January 2017** | **2,185,998,765** | **(1,487,571)** | **2,184,511,194** |
| Purchase of treasury shares | - | **(1,587,957)** | **(1,587,957)** |
| Sale of treasury shares | - | **1,814,003** | **1,814,003** |
| **Balance at 30 June 2017** | **2,185,998,765** | **(1,261,525)** | **2,184,737,240** |

**Treasury shares**

Under Law 3756/2009, banks participating in the Government's Greek Economy Liquidity Support Program are not allowed to acquire treasury shares in accordance with article 16 of the Company Law.

In the ordinary course of business, subsidiaries of the Group may acquire and dispose of treasury shares.

## 26. Preference shares

| Preference Shares | | |
|---|---|---|
| Number of shares | 30 June 2017 € million | 31 December 2016 € million |
| **345,500,000** | **950** | 950 |

On 12 January 2009, the Extraordinary General Meeting of the Bank approved the issue of 345,500,000 non-voting, non-listed, non-transferable, tax deductible, non-cumulative 10% preference shares, with nominal value € 2.75 each, under Law 3723/2008 'Greek Economy Liquidity Support Program', to be fully subscribed to and paid by the Greek State with bonds of equivalent value. The proceeds of the issue amounted to € 940 million, net of expenses, and the transaction was completed on 21 May 2009. In accordance with the current legal and regulatory framework, the issued shares have been classified as Common Equity Tier I capital (further information on the preference shares is presented in note 40 of the consolidated financial statements for the year ended 31 December 2016).

The payment of the non-cumulative coupon on the preference shares is subject to meeting the minimum capital adequacy requirements, set by Bank of Greece (BoG), the availability of distributable reserves in accordance with article 44A of Company Law 2190/1920 and the approval of the Annual General Meeting. Taking into account that the Bank has accumulated losses at the end of 2016, the distribution of dividends to either ordinary or preference shareholders is not permitted.

Furthermore, pursuant to the provisions of article 80 of the new Law 4484/2017 (Government Gazette A' 110, 1 August 2017), five years after their issue, the redemption of the preference shares in whole or in part is allowed, in consideration for cash or Tier II capital instruments as defined in Regulation 575/2013, or a combination thereof, having received the supervisory authority's consent. In case the issuance of Tier II capital instruments is opted for the redemption (exchange), they should satisfy the following conditions:

(a) their nominal value should be calculated on the basis of the initial offer price of the preference shares;

(b) their features should satisfy the conditions of Regulation 575/2013 applicable to Tier II instruments, and especially article 63 thereof;

(c) they have a maturity of ten years and the issuer has an option, exercisable at the issuer's sole discretion, to call or redeem or repurchase or early repay the instruments after five years from their issuance with the approval of the regulatory authority;

(d) they may be early repaid prior to five years from their issue date subject to approval by the regulatory authority and provided a tax event or a regulatory event, as defined in article 78 par. 4 of Regulation 575/2013, has occurred;

(e) their repayment after five years from their issue date and until maturity, as well as in the circumstances contemplated in (d) above, shall be made at their nominal value;

(f) upon redemption or early repayment of the instruments, accrued interest thereon in respect of the relevant interest period shall always be payable;

(g) their nominal interest rate (coupon) shall be fixed and interest shall be payable semi-annually at the last day of the sixth and twelfth month each year. In relation to the first payment, the interest rate is calculated by reference to the time period remaining until the end of the earlier of any of the above dates, if it is less than six (6) months;

(h) the interest rate is calculated on the basis of the average yield of the ten-year reference bond of the Hellenic Republic at the first fifteen (15) days of June 2017 plus fifty (50) basis points and cannot be lower than 6%; and

(i) they will be freely transferable and may be listed on a regulated market.

The request to redeem the preference shares in accordance with the above mentioned conditions is submitted to the Minister of Finance, who issues a relevant decision in compliance with the state-aid rules of the E.U. If the redemption is made through an exchange with Tier II capital instruments, an agreement signed between the Minister of Finance and the Bank is entered into to provide for, among others, the specific terms of such instruments, and any other detail relevant to the above transaction.

Taking into consideration that under the existing regulatory framework, the preference shares of the Greek State will cease to account for in the Bank's regulatory capital from 1 January 2018 onwards, the Bank decided, pursuant to the decision of its BoD dated on 29 August 2017, to make use of the abovementioned ability provided for in the new legislative framework (article 80 of Law 4484/2017) and to proceed to the redemption of the full amount of outstanding preference shares, in consideration for Tier II capital instruments of the same value. In this context, the Bank decided to submit a request to:

(a) the ECB/SSM for the purpose of (i) obtaining permission to reduce the own funds of the Bank as a result of redemption of preference shares of an aggregate nominal value of € 950,125,000, in accordance with article 77 et seq. of Regulation 575 and (ii) qualifying the subordinated notes issuable by the Bank as Tier II capital instruments, in accordance with article 63 et seq. of Regulation 575; and

(b) the Minister of Finance for the redemption of the preference shares in consideration for subordinated notes having an aggregate nominal value of € 950,125,000 issuable by the Bank, which constitutes Tier II capital instruments, in accordance with article 80 of Law 4884/2017. In case the Minister of Finance approves the Bank's request, the General Assembly will convene to resolve on the redemption of the preference shares, the cancellation of the titles of the preference shares and the amendment of the relevant articles of the Bank's Articles of Association referring to the shares and the share capital.

## 27. Preferred securities

The outstanding amount of preferred securities issued by the Group through its Special Purpose Entity, ERB Hellas Funding Limited, as at 30 June 2017 is analyzed as follows:

| | Series A<br>€ million | Series B<br>€ million | Series C<br>€ million | Series D<br>€ million | Total<br>€ million |
|---|---|---|---|---|---|
| **Balance at 30 June 2017** | **2** | **4** | **18** | **19** | **43** |

All obligations of the issuer, in respect of the aforementioned issues of preferred securities, are guaranteed on a subordinated basis by the Bank. The analytical terms of each issue along with the rates and/or the basis of calculation of preferred dividends are available at the Bank's website. The preferred dividends must be declared and paid if the Bank declares a dividend. For the period ended 30 June 2017 and in 2016, the Bank did not distribute any dividend. Accordingly, ERB Hellas Funding Ltd announced the non payment of the non cumulative preferred dividend of the above series of preferred securities.

## 28. Fair value of financial assets and liabilities

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

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

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

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

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

## Financial instruments carried at fair value

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

| | 30 June 2017 | | | |
|---|---|---|---|---|
| | Level 1<br>€ million | Level 2<br>€ million | Level 3<br>€ million | Total<br>€ million |
| Financial assets measured at fair value: | | | | |
| Financial instruments held for trading | 61 | - | 1 | 62 |
| Derivative financial instruments | 1 | 1,678 | 2 | 1,681 |
| Available-for-sale investment securities | 4,799 | 17 | 52 | 4,868 |
| **Total financial assets** | **4,861** | **1,695** | **55** | **6,611** |
| Financial liabilities measured at fair value: | | | | |
| Derivative financial instruments | 1 | 2,073 | - | 2,074 |
| Due to customers: | | | | |
| - Structured deposits | - | 2 | - | 2 |
| Debt securities in issue: | | | | |
| - Structured notes | - | 3 | - | 3 |
| Trading liabilities | 2 | - | - | 2 |
| **Total financial liabilities** | **3** | **2,078** | **-** | **2,081** |

| | 31 December 2016 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | € million | € million | € million | € million |
| Financial assets measured at fair value: | | | | |
| Financial instruments held for trading | 70 | 0 | 1 | 71 |
| Derivative financial instruments | 0 | 1,978 | 2 | 1,980 |
| Available-for-sale investment securities | 3,586 | 30 | 54 | 3,670 |
| Total financial assets | 3,656 | 2,008 | 57 | 5,721 |
| Financial liabilities measured at fair value: | | | | |
| Derivative financial instruments | 0 | 2,441 | - | 2,441 |
| Due to customers: | | | | |
| - Structured deposits | - | 3 | - | 3 |
| Debt securities in issue: | | | | |
| - Structured notes | - | 3 | - | 3 |
| Trading liabilities | 4 | - | - | 4 |
| Total financial liabilities | 4 | 2,447 | - | 2,451 |

The Group recognizes transfers into and out of the fair value hierarchy levels at the beginning of the quarter in which a financial instrument's transfer was effected. There were no transfers between Level 1 and 2 and vice versa, as well as, no changes in valuation techniques used, during the period ended 30 June 2017.

Reconciliation of Level 3 fair value measurements

| | 30 June 2017 € million |
|---|---|
| **Balance at 1 January** | **57** |
| Transfers into Level 3 | **0** |
| Transfers out of Level 3 | **(0)** |
| Additions, net of disposals and redemptions | **(1)** |
| Total gain\(loss) for the period included in profit or loss | **(0)** |
| Total gain\(loss) for the period included in other comprehensive income | **0** |
| Foreign exchange differences and other | **(1)** |
| **Balance at 30 June** | **55** |

Group's valuation processes and techniques

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

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

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

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

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

For debt securities issued by the Group and designated at FVTPL, fair values are determined by discounting the expected cash flows at a risk-adjusted rate, where the Group's own credit risk is determined using inputs indirectly observable, i.e. quoted prices of similar securities issued by the Group or other Greek issuers.

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

### Financial instruments not carried at fair value

The following table presents the carrying amounts and fair values of financial assets and liabilities which are not carried at fair value on the balance sheet:

| | **30 June 2017** | |
|---|---|---|
| | **Carrying amount € million** | **Fair value € million** |
| Loans and advances to customers | **38,812** | **38,594** |
| Investment securities | | |
| - Debt securities lending portfolio | **5,782** | **5,306** |
| - Held-to-maturity securities | **456** | **462** |
| **Total financial assets** | **45,050** | **44,362** |
| Debt securities in issue | **51** | **51** |
| **Total financial liabilities** | **51** | **51** |

| | 31 December 2016 | |
|---|---|---|
| | Carrying amount € million | Fair value € million |
| Loans and advances to customers | 39,058 | 38,872 |
| Investment securities | | |
| - Debt securities lending portfolio | 8,227 | 7,753 |
| - Held-to-maturity securities | 566 | 567 |
| Total financial assets | 47,851 | 47,192 |
| Debt securities in issue | 99 | 89 |
| Total financial liabilities | 99 | 89 |

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

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

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

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

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

## 29. Cash and cash equivalents and other information on Interim Cash Flow Statement

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

| | **30 June 2017 € million** | 31 December 2016 € million |
|---|---|---|
| Cash and balances with central banks (excluding mandatory and collateral deposits with central banks) | **700** | 896 |
| Due from credit institutions | **633** | 750 |
| Cash and cash equivalents presented within assets of disposal groups classified as held for sale | **51** | 51 |
| **Total** | **1,384** | 1,697 |

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

| | **30 June 2017 € million** | 30 June 2016 € million |
|---|---|---|
| Amortisation of premiums/discounts and accrued interest | **(8)** | 8 |
| (Gains)/losses from investment securities | **(44)** | (71) |
| Dividends | **(1)** | (1) |
| **Total** | **(53)** | (64) |

For the period ended 30 June 2016, other adjustments on profit before income tax from continuing operations include the gain on the acquisition of the Alpha Bank's Branch in Bulgaria, amounting to € 55 million based on the provisional values of the assets and liabilities acquired (note 16).

## 30. Contingent liabilities and other commitments

Credit related commitments are analyzed as follows:

| | 30 June 2017 € million | 31 December 2016 € million |
|---|---|---|
| Guarantees [1] and standby letters of credit | **538** | 591 |
| Other guarantees (medium risk) and documentary credits | **420** | 436 |
| Commitments to extend credit | **468** | 451 |
| **Total** | **1,426** | 1,478 |

[1] *Guarantees that carry the same credit risk as loans.*

**Legal Proceedings**

As at 30 June 2017 there were a number of legal proceedings outstanding against the Group for which a provision of € 70 million was recorded (31 December 2016: € 67 million), as set out in note 24. The said amount includes € 40 million for the outstanding litigations with DEMCO S.A., which is related to the acquisition of New TT Hellenic Postbank S.A. in 2013.

Furthermore, the Group is involved in a number of legal proceedings, in the normal course of business, which may be in early stages, their settlement may take years before they are resolved or their final outcome may be considered uncertain. For such cases, after considering the opinion of Legal Services General Division, Management does not expect that there will be an outflow of resources and therefore no provision is recognized.

Against the Bank various remedies have been filed in the form of lawsuits, applications for injunction measures and motions to vacate payment orders in relation to the contractual clauses of mortgage loans granted by the Bank in Swiss Francs (CHF) and the conditions under which the loans were granted. A class action has also been filed. From a Courts view point it may be sustained that the issue is presently found at a premature stage, considering that a substantial number of first instance Courts judgments has been issued, the majority of which are in favor of the Bank. Furthermore, there are six appellate Courts judgments in cases concerning the Bank, which have been in favor of the validity of the loans. To date no judgment of the Areios Pagos, being the supreme civil Court, has been passed. On the class action a judgment was issued which accepted it, the Bank, though, has already filed an appeal against the first instance judgment scheduled to be heard in September 2017. In relation to the individual lawsuits the majority of the judgments issued are in favor of the Bank.

The Management of the Bank is closely monitoring any developments to the relevant cases to determine potential accounting implications in accordance with the Group's accounting policies.

## 31. Other significant and post balance sheet events

**Legislation on the conversion of CHF denominated loans to Romanian Leu**

On 18 October 2016, the Romanian parliament unanimously passed a bill that allowed borrowers to convert Swiss franc-denominated loans into local currency 'Leu' using the exchange rate prevailing on the date they were originated. On 7 February 2017, the Romanian Constitutional Court (RCC) ruled that the above legislation is unconstitutional. The Court decision was grounded mainly on the breach of the principle of 'bicameralism' (i.e. the bill, in the form adopted by the Chamber of Deputies, is significantly different to the one adopted by the Senate) and the introduction of an 'automatic hardship' mechanism which is unfair to creditors.

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

Note 2-Principal accounting policies
Note 6-Capital management
Note 13-Discontinued operations
Note 15-Investment securities
Note 16-Shares in subsidiary undertakings
Note 17-Investments in associates and joint ventures
Note 20-Due to central banks

Note 23-Debt securities in issue
Note 26-Preference shares
Note 33-Board of Directors

## 32. Related parties

In November 2015, following the completion of the Bank's share capital increase, fully covered by investors, institutional and others the percentage of the Bank's ordinary shares with voting rights held by the HFSF decreased from 35.41% to 2.38%.

Despite the aforementioned significant decrease of its percentage, the HFSF is still considered to have significant influence over the Bank. In particular, in the context of the Law 3864/2010, as in force, HFSF exercises its voting rights in the Bank's General Assembly only for decisions concerning the amendment of the Bank's Articles of Association, including the increase or decrease of the Bank's capital or the granting of a corresponding authorization to the Bank's Board, decisions concerning the mergers, divisions, conversions, revivals, extension of duration or dissolution of the Bank, the transfer of assets (including the sale of subsidiaries), or any other issue requiring approval by an increased majority as provided for in Company Law 2190/1920. In addition, the Bank has entered into a new Relationship Framework Agreement (RFA) with the HFSF on 4 December 2015 replacing the previous one, signed on 26 August 2014, which regulates, among others, (a) the Bank's corporate governance, (b) the restructuring plan and its monitoring, (c) the monitoring of the implementation of the Bank's Non-Performing Loans (NPLs) management framework and of the Bank's performance on NPLs resolution, (d) the Material Obligations and the switch to full voting rights, (e) the monitoring of the Bank's actual risk profile against the approved Risk and Capital Strategy, (f) the HFSF's prior written consent for the Bank's Group Risk and Capital Strategy and for the Bank's Group Strategy, Policy and Governance regarding the management of its arrears and non-performing loans and any amendment, extension, revision or deviation thereof, and (g) the duties, rights and obligations of HFSF's Representative in the Bank's Board.

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

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

| | **30 June 2017** | | 31 December 2016 | |
|---|---|---|---|---|
| | **KMP[(1)] and Entities controlled or jointly controlled by KMP** | **Associates and joint ventures** | KMP[(1)] and Entities controlled or jointly controlled by KMP | Associates and joint ventures [(2)] |
| | **€ million** | **€ million** | € million | € million |
| Loans and advances to customers net of provision | **7.09** | **51.40** | 7.16 | 23.20 |
| Derivative financial instruments | **-** | **0.02** | - | - |
| Other assets | **-** | **2.65** | - | 6.14 |
| Due to customers | **5.83** | **76.25** | 5.68 | 102.74 |
| Debt securities in issue | **-** | **11.84** | - | 12.07 |
| Other liabilities | **0.01** | **4.89** | 0.02 | 4.03 |
| Guarantees issued | **-** | **0.04** | - | - |
| Guarantees received | **0.04** | **-** | 0.05 | - |
| | **Six months ended 30 June 2017** | | Six months ended 30 June 2016 | |
| Net interest income | **0.02** | **0.59** | 0.01 | 0.18 |
| Net banking fee and commission income | **0.01** | **3.88** | - | - |
| Net trading income | **-** | **0.02** | - | - |
| Impairment losses on loans and advances | **-** | **(0.96)** | - | (0.01) |
| Other operating income/(expenses) | **-** | **(7.01)** | 0.02 | - |

*(1) Includes the key management personnel of the Group and their close family members*
*(2) As of 4 August 2016, Eurolife insurance group has been accounted for as an associate.*

For the period ended 30 June 2017, there were no material transactions with the HFSF. In addition, as at 30 June 2017 the loans, net of provisions, granted to non consolidated entities controlled by the Bank pursuant to the terms of the relevant share pledge agreements (note 16) amounted to € 4.7 million (31 December 2016: € 5.3 million).

For the period ended 30 June 2017, an impairment loss of € 0.96 million (30 June 2016: € 0.01 million) has been recorded against loan balances with Group's associates and joint ventures, while the respective impairment allowance amounts to € 24.1 million, including impairment allowance for associates acquired in the first half of 2017 (note 17) (31 December 2016: € 16.92 million).

**Key management compensation (directors and other key management personnel of the Group)**
Key management personnel are entitled to compensation in the form of short-term employee benefits of € 2.98 million (30 June 2016: € 2.47 million) and long-term employee benefits (excluding share-based payments) of € 0.44 million (30 June 2016: € 0.38 million). Furthermore, the Group has recognized € 0.38 million expense relating with Grivalia Properties R.E.I.C. equity settled share based payments (30 June 2016: € 0.38 million expense). In addition, the Group has formed a defined benefit obligation for the KMP amounting to € 0.85 million as at 30 June 2017 (31 December 2016: € 0.81 million), while the respective cost for the period amounts to € 0.03 million (30 June 2016: € 0.03 million).

## 33. Board of Directors

The Board of Directors (BoD) was elected by the Annual General Meeting held on 27 June 2013 for a three years term of office. Its term of office, following the resolution of the Bank's Annual General Meeting held on 26 June 2015, expires on 27 June 2018, and in any case until the date the Bank's Annual General Meeting for the year 2018 will take place.

On 26 October 2016, the Bank's Board appointed Mr. George E. Myhal as new independent non-executive member of the Board, in replacement of the resigned on the same day independent non-executive member Mr. Jon Steven B.G. Haick, for an equal term to the remaining term of the resigned member, while on 12 January 2017, the BoD appointed Mr. Richard P. Boucher as new independent non-executive Board member in replacement of the resigned on 3 November 2016 independent non-executive member Mr. Spyridon Lorentziadis, for an equal term to the remaining term of the resigned member. The appointment of the two new Board members was announced to the General Meeting of the Shareholders of the Bank which took place on 16 June 2017 and their term of office will expire concurrently with the term of office of the other members of the BoD.

Mr. Wade Sebastian Burton non-executive member of the BoD of the Bank submitted his resignation from the BoD effective as of 5 April 2017. On 14 July 2017 the Bank announced that Ms. Androniki Boumi has been appointed as representative of the Greek State to the Bank's Board according to the provisions of L.3723/2008, in replacement of Ms. Christina Andreou who informed the Bank on her resignation on 26 May 2017.

Following the above, the BoD is as follows:

| | |
|---|---|
| N. Karamouzis | Chairman, Non-Executive |
| F. Karavias | Chief Executive Officer |
| S. Ioannou | Deputy Chief Executive Officer |
| T. Kalantonis | Deputy Chief Executive Officer |
| G. Chryssikos | Non-Executive |
| R. Boucher | Non-Executive Independent |
| G. Myhal | Non-Executive Independent |
| B. P. Martin | Non-Executive Independent |
| S. Johnson | Non-Executive Independent |
| J. Mirza | Non-Executive Independent |
| L. Reichlin | Non-Executive Independent |
| A. Boumi | Non-Executive (Greek State representative under Law 3723/2008) |
| K. H. Prince – Wright | Non-Executive (HFSF representative under Law 3864/2010) |

Athens, 29 August 2017

| | | |
|---|---|---|
| **Nikolaos V. Karamouzis** | **Fokion C. Karavias** | **Harris V. Kokologiannis** |
| I.D. No AB - 336562 | I.D. No AI - 677962 | I.D. No AK - 021124 |
| CHAIRMAN | CHIEF EXECUTIVE OFFICER | GENERAL MANAGER OF GROUP FINANCE |
| OF THE BOARD OF DIRECTORS | | GROUP CHIEF FINANCIAL OFFICER |

## *V. Condensed Interim Financial Statements for the six months ended 30 June 2017*

# EUROBANK ERGASIAS S.A.

# CONDENSED INTERIM FINANCIAL STATEMENTS

## FOR THE SIX MONTHS ENDED

## 30 JUNE 2017

8 Othonos Street, Athens 105 57, Greece

www.eurobank.gr, Tel.: (+30) 210 333 7000

General Commercial Registry No: 000223001000

**Index to the Condensed Interim Financial Statements ........ Page**



**Selected Explanatory Notes to the Condensed Interim Financial Statements**

## Interim Balance Sheet

| | Note | 30 June 2017 € million | 31 December 2016 € million |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and balances with central banks | | **508** | 371 |
| Due from credit institutions | | **3,104** | 3,490 |
| Derivative financial instruments | | **1,698** | 1,985 |
| Loans and advances to customers | 13 | **31,477** | 31,908 |
| Investment securities | 14 | **9,775** | 11,011 |
| Shares in subsidiary undertakings | 15 | **2,062** | 2,224 |
| Property, plant and equipment | | **231** | 238 |
| Investment property | | **66** | 59 |
| Intangible assets | | **90** | 80 |
| Deferred tax assets | 11 | **4,875** | 4,918 |
| Other assets | 16 | **1,579** | 1,598 |
| Assets classified as held for sale | | **160** | - |
| **Total assets** | | **55,625** | 57,882 |
| **LIABILITIES** | | | |
| Due to central banks | 17 | **13,839** | 13,906 |
| Due to credit institutions | 18 | **9,011** | 11,089 |
| Derivative financial instruments | | **2,069** | 2,448 |
| Due to customers | 19 | **23,969** | 23,678 |
| Debt securities in issue | 20 | **7** | 60 |
| Other liabilities | 21 | **442** | 528 |
| **Total liabilities** | | **49,337** | 51,709 |
| **EQUITY** | | | |
| Ordinary share capital | 22 | **656** | 656 |
| Share premium | 22 | **8,056** | 8,056 |
| Reserves and retained earnings | | **(3,417)** | (3,532) |
| Preference shares | 23 | **950** | 950 |
| **Total equity attributable to shareholders of the Bank** | | **6,245** | 6,130 |
| Hybrid Capital | 24 | **43** | 43 |
| **Total equity** | | **6,288** | 6,173 |
| **Total equity and liabilities** | | **55,625** | 57,882 |

*Notes on pages 6 to 35 form an integral part of these condensed interim financial statements*

## Interim Income Statement

| | Note | Six months ended 30 June 2017 € million | Six months ended 30 June 2016 € million | Three months ended 30 June 2017 € million | Three months ended 30 June 2016 € million |
|---|---|---|---|---|---|
| Net Interest income | | **543** | 538 | **276** | 270 |
| Net banking fee and commission income | | **62** | 45 | **29** | 23 |
| Income from non banking services | | **3** | 3 | **1** | 1 |
| Dividend income | 7 | **12** | 40 | **8** | 34 |
| Net trading income | 5 | **27** | (8) | **4** | (2) |
| Gains less losses from investment securities | 14 | **33** | 51 | **18** | 50 |
| Net other operating income | 13,15 | **0** | 54 | **1** | 0 |
| **Operating income** | | **680** | 723 | **337** | 376 |
| Operating expenses | 8 | **(334)** | (346) | **(168)** | (171) |
| **Profit from operations before impairments, provisions and restructuring costs** | | **346** | 377 | **169** | 205 |
| Impairment losses on loans and advances | 9 | **(311)** | (315) | **(154)** | (172) |
| Other impairment losses and provisions | 10 | **(6)** | (2) | **(7)** | (0) |
| Restructuring costs | 10 | **(1)** | (28) | **(1)** | (27) |
| **Profit before tax** | | **28** | 32 | **7** | 6 |
| Income tax | 11 | **(10)** | (3) | **1** | 6 |
| Tax adjustments | 11 | **-** | 31 | **-** | 31 |
| **Net profit** | | **18** | 60 | **8** | 43 |

*Notes on pages 6 to 35 form an integral part of these condensed interim financial statements*

## Interim Statement of Comprehensive Income

| | Six months ended 30 June | | | | Three months ended 30 June | | | |
|---|---|---|---|---|---|---|---|---|
| | | **2017** | | 2016 | | **2017** | | 2016 |
| | | **€ million** | | € million | | **€ million** | | € million |
| **Net profit** | | **18** | | 60 | | **8** | | 43 |
| **Other comprehensive income:** | | | | | | | | |
| **Items that are or may be reclassified subsequently to profit or loss:** | | | | | | | | |
| **Cash flow hedges** | | | | | | | | |
| - changes in fair value, net of tax | **20** | | (3) | | **8** | | (4) | |
| - transfer to net profit, net of tax | **(4)** | **16** | (3) | (6) | **(3)** | **5** | (1) | (5) |
| **Available for sale securities** | | | | | | | | |
| - changes in fair value, net of tax | **103** | | 5 | | **82** | | 23 | |
| - transfer to net profit, net of tax | **(22)** | **81** | (0) | 5 | **(15)** | **67** | (0) | 23 |
| | | **97** | | (1) | | **72** | | 18 |
| **Items that will not be reclassified to profit or loss:** | | | | | | | | |
| -Actuarial gains/(losses) on post employment benefit obligations, net of tax | | **-** | | (2) | | **-** | | (2) |
| **Other comprehensive income** | | **97** | | (3) | | **72** | | 16 |
| **Total comprehensive income** | | **115** | | 57 | | **80** | | 59 |

*Notes on pages 6 to 35 form an integral part of these condensed interim financial statements*

## Interim Statement of Changes in Equity

| | Total equity attributable to shareholders of the Bank | | | | | | |
|---|---|---|---|---|---|---|---|
| | Ordinary share capital € million | Share premium € million | Special reserves € million | Retained earnings € million | Preference shares € million | Hybrid capital € million | Total € million |
| Balance at 1 January 2016 | 656 | 8,056 | 7,544 | (11,118) | 950 | 43 | 6,131 |
| Net profit | - | - | - | 60 | - | - | 60 |
| Other comprehensive income | - | - | (3) | - | - | - | (3) |
| Total comprehensive income for the six months ended 30 June 2016 | - | - | (3) | 60 | - | - | 57 |
| Balance at 30 June 2016 | 656 | 8,056 | 7,541 | (11,058) | 950 | 43 | 6,188 |
| **Balance at 1 January 2017** | **656** | **8,056** | **7,540** | **(11,072)** | **950** | **43** | **6,173** |
| Net profit | | | | 18 | | | **18** |
| Other comprehensive income | - | - | 97 | - | - | - | **97** |
| Total comprehensive income for the six months ended 30 June 2017 | **-** | **-** | **97** | **18** | **-** | **-** | **115** |
| **Balance at 30 June 2017** | **656** | **8,056** | **7,637** | **(11,054)** | **950** | **43** | **6,288** |
| | Note 22 | Note 22 | | | Note 23 | Note 24 | |

*Notes on pages 6 to 35 form an integral part of these condensed interim financial statements*

## Interim Cash Flow Statement

| | Note | Six months ended 30 June 2017 € million | 2016 € million |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Profit before income tax** | | **28** | 32 |
| Adjustments for : | | | |
| Impairment losses on loans and advances | 9 | **311** | 315 |
| Other impairment losses, provisions and restructuring costs | 10 | **7** | 25 |
| Depreciation and amortisation | 8 | **19** | 20 |
| Other (income)/losses on investment securities | 26 | **(47)** | (61) |
| (Gain)/ loss on sale of subsidiary undertakings, associates and joint ventures | | **(2)** | (0) |
| Dividends from subsidiaries, associates and joint ventures | 7 | **(12)** | (40) |
| Other adjustments | 26 | **4** | (52) |
| | | **308** | 239 |
| **Changes in operating assets and liabilities** | | | |
| Net (increase)/decrease in cash and balances with central banks | | **(142)** | (191) |
| Net (increase)/decrease in due from credit institutions | | **347** | 896 |
| Net (increase)/decrease in loans and advances to customers | | **121** | 188 |
| Net (increase)/decrease in derivative financial instruments | | **(34)** | 39 |
| Net (increase)/decrease in other assets | | **14** | 70 |
| Net increase/(decrease) in due to central banks and credit institutions | | **(2,146)** | (1,718) |
| Net increase/(decrease) in due to customers | | **291** | 386 |
| Net increase/(decrease) in other liabilities | | **(78)** | (65) |
| | | **(1,627)** | (395) |
| **Net cash from/(used in) operating activities** | | **(1,319)** | (156) |
| **Cash flows from investing activities** | | | |
| Acquisition of fixed and intangible assets | | **(28)** | (20) |
| (Purchases)/sales and redemptions of investment securities | | **1,352** | 1,209 |
| Acquisition of subsidiaries, associates, joint ventures and participations in capital increases | 16 | **(8)** | (95) |
| Disposal/liquidation of holdings in subsidiaries, associates and joint ventures | | **-** | 8 |
| Dividends from investment securities, subsidiaries, associates and joint ventures | | **12** | 40 |
| **Net cash from/(used in) investing activities** | | **1,328** | 1,142 |
| **Cash flows from financing activities** | | | |
| (Repayments)/proceeds from debt securities in issue | | **(53)** | (838) |
| Expenses paid for share capital increase | | **-** | (6) |
| **Net cash from/(used in) financing activities** | | **(53)** | (844) |
| **Net increase/(decrease) in cash and cash equivalents** | | **(44)** | 142 |
| Cash and cash equivalents at beginning of period | 26 | **454** | 505 |
| **Cash and cash equivalents at end of period** | 26 | **410** | 647 |

*Notes on pages 6 to 35 form an integral part of these condensed interim financial statements*

## 1. General information

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

These condensed interim financial statements were approved by the Board of Directors on 29 August 2017.

## 2. Principal accounting policies

These condensed interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting' and they should be read in conjunction with the Bank's published annual financial statements for the year ended 31 December 2016. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period. Except as indicated, financial information presented in euro has been rounded to the nearest million.

**Going concern considerations**

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

<u>Macroeconomic environment</u>

Greece's real GDP is expected to grow by 2.1% in 2017, according to the May 2017 forecast by European Commission (2016: GDP growth rate at 0.0%). On the fiscal front, the 2016 Greece's primary balance registered a surplus of 4.2% of GDP outperforming the 0.5%-of-GDP Third Economic Adjustment Program (TEAP) target. According to the TEAP the primary surplus for 2017 and 2018 is expected at 1.8% and 3.5% of GDP respectively.

On 22 May 2017, a preliminary technical agreement was reached between Greece and the Institutions in the context of the second review of the TEAP, which had officially started in October 2016. On 15 June 2017, the Eurogroup welcomed the Staff Level Agreement (SLA) reached between Greece and the Institutions after the implementation of a series of prior actions including structural reforms and fiscal structural measures amounting to ca 2% of GDP for the post program period. The SLA paved the way for the release of the next loan tranche to Greece under the existing adjustment program, amounting to € 8.5 bn in two sub-tranches, for debt servicing needs and arrears clearance. The first sub-tranche of € 7.7 bn has already been disbursed. The second sub-tranche of € 0.8 bn will be disbursed in September 2017 conditional on the significant progress by the Greek authorities towards the clearance of the general government arrears to the private sector. On 25 July 2017 the Greek government, on the back of the aforementioned positive developments, issued a € 3 bn five-year syndicated bond at a yield of 4.625% for the first time since July 2014. The proceeds of the bond issue will be used for further liability /debt management and for the build-up of a state cash buffer in the context of the 15 June 2017 Eurogroup's decisions.

The completion of the second program review has reduced the uncertainties that prevailed during the first months of the year and improved expectations for an increase in the domestic economic activity in the second half of 2017. The decisive implementation of the reforms agreed in the context of the TEAP, the implementation of further debt relief measures in accordance with 24 May 2016 Eurogroup decisions, the mobilization of European Union (EU) funding to support domestic investment and job creation, the attraction of foreign and domestic capital and the adoption of an extrovert economic development model would facilitate the restoration of confidence in the prospects of the Greek economy and the further stabilization of the domestic economic environment, which are necessary conditions for the return of the country to a strong and sustainable growth path.

Currently, the main risks and uncertainties are associated with (a) the possible delays in the implementation of the reforms' agenda in order to meet the next targets and milestones of the TEAP, (b) the impact on the level of economic activity from the fiscal and social security-related measures agreed under the reviews of the TEAP, (c) the timing of a full lift of restrictions in the free movement of capital and the respective impact on the level of economic activity, (d) the possible slow pace of deposits inflows and/ or possible delays in the effective management of non-performing exposures as a result of the challenging macroeconomic conditions in Greece and (e) the geopolitical conditions in the broader region and the external shocks from a slowdown in the global economy.

Liquidity risk

In accordance with the agreement with the European partners the authorities are committed to preserving sufficient liquidity in the banking system, as long as Greece meets its obligations under the ESM program. The successful completion of the second review of the TEAP has enhanced Greece's credibility towards the international markets and improved the domestic economic sentiment, which along with the return to positive economic growth rate will facilitate in turn the deposits inflows in the banking system, the faster relaxation of capital controls and the further access to the markets for liquidity.

As at 30 June 2017, the Bank's dependency on Eurosystem financing facilities stood at € 13.8 bn, of which € 11.2 bn funding from Emergency Liquidity Assistance (ELA) (31 December 2016: € 13.9 bn, of which € 11.9 bn from ELA). As at 31 July 2017, the Eurosystem funding decreased further to € 12.5 bn, of which € 9.9 bn funding from ELA, mainly as a result of selective asset deleveraging, increased repo transactions and deposit inflows (note 17). In the same context, the Bank also reduced its participation in the second stream of the Hellenic Republic's liquidity support plan (bonds guaranteed by the Greek Government) from a face value of € 2.5 bn on 31 December 2016 to a face value of € 1.5 bn on 30 June 2017 (notes 4 and 20).

Solvency risk

The Group monitors closely the developments in the Greek macroeconomic environment taking into account its direct and indirect exposure to sovereign risk (note 5). A major area of focus is the active management of non-performing exposures at an accelerated pace, with the aim to substantially reduce their stock in accordance with the Bank's operational targets and taking advantage of the Group's internal infrastructure, the important legislative changes and the external partnerships that have taken or are expected to take place (note 13).

The Group remains focused on the organic strengthening of its capital position by the further expansion of pre-provision income while maintaining its robust risk management practices, and by proceeding to additional initiatives associated with the restructuring, transformation or optimization of operations, in Greece and abroad, that will generate or release further capital and/or reduce risk weighted assets. The Group's Common Equity Tier 1 (CET1) ratio stood at 17.4 % at 30 June 2017 and the net profit attributable to shareholders amounted to € 76 million for the period ended 30 June 2017, while the Bank's CET1 ratio stood at 18.9% and the net profit amounted to € 18 million, respectively (note 6).

Going concern assessment

The Board of Directors, taking into consideration the above factors relating to the adequacy of the Bank's capital position and its anticipated continued access to Eurosystem funding over the foreseeable future, as well as the completion of the second review of Greece's current economic adjustment program that reduced the level of uncertainty associated with the domestic macroeconomic environment, has been satisfied that the financial statements of the Bank can be prepared on a going concern basis.

The accounting policies and methods of computation in these condensed interim financial statements are consistent with those in the published annual financial statements for the year ended 31 December 2016. There are no new standards, amendments to standards and interpretations issued by the International Accounting Standard Board (IASB) and endorsed by the European Union (EU) applicable to the Bank from 1 January 2017.

**IFRS 9, Financial Instruments (effective 1 January 2018)**

In July 2014, the IASB published the final version of IFRS 9 *'Financial Instruments'* which replaces IAS 39 *'Financial Instruments: Recognition and Measurement'*. IFRS 9 includes revised requirements on the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

***Classification and measurement***

IFRS 9 applies a new classification and measurement approach for all types of financial assets that reflects the entity's business model for managing the assets and their contractual cash flow characteristics. IFRS 9 requires financial assets to be classified into one of the following measurement categories: amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available for sale.

Financial assets will be measured at amortized cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principle and interest (SPPI). Financial assets will be measured at FVOCI if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and their contractual cash flows represent solely payments of principle and interest. All other financial assets will be classified at FVTPL.

An entity may at initial recognition, designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch. Furthermore, on initial recognition of an equity instrument that is not held for trading, an entity may irrevocably elect to present subsequent changes in fair value through OCI. This election is made on an investment-by-investment basis.

Under IFRS 9, embedded derivatives in contracts where the host is a financial asset, in the scope of the standard are no longer bifurcated. Instead, the hybrid financial instrument is assessed for classification as a whole.

IFRS 9 retains most of the existing requirements for financial liabilities. However, for financial liabilities designated at FVTPL, gains or losses attributable to changes in own credit risk shall be presented in OCI and shall not be subsequently transferred to profit or loss, unless such a presentation would create or enlarge an accounting mismatch. Under IAS 39, all fair value changes of liabilities designated at FVTPL are recognized in profit or loss, unless this would create or enlarge an accounting mismatch.

*Business model assessment*

The business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether the Bank's objective is solely to collect contractual cash flows from the asset, to realize cash flows from the sale of assets, or both to collect contractual cash flows and cash flows from the sale of assets. Financial assets that are held for trading or managed on a fair value basis will be measured at FVTPL.

The Bank's approach is to perform the business model assessment consistently with its operating model and the information provided to key management personnel. In making the above assessment the Bank will consider a number of factors including:

- the stated policies and objectives for each portfolio;
- how the performance of each portfolio is evaluated and reported;
- the risks associated with the performance of the business model and how those risks are managed;
- how managers are compensated; and
- past experience on how the cash flows from those portfolios were collected, expectations about future sales activity and how the Bank's stated objective for managing the financial assets is achieved.

*SPPI assessment*

In assessing whether the contractual cash flows are solely payments of principle and interest, the Bank will consider whether the contractual terms of the instrument are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin. This will include an assessment of whether a financial asset contains a contractual term that could change the amount or timing of contractual cash flows in a way that it would not be consistent with the above condition. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset will be measured at FVTPL.

*Initial assessment of* changes to the classification and measurement

In 2017, the Bank carried out an initial business model assessment across various portfolios and a detailed review of the contractual terms for its debt instruments portfolios to determine any potential changes to the classification and measurement. The majority of the Bank's debt instruments portfolios satisfied the SPPI criterion. Accordingly, based on its existing business models as at 30 June 2017, the Bank's current expectation is that generally:

- loans and advances to banks and customers that are measured at amortized cost under IAS 39, would also be measured at amortized cost under IFRS 9;
- held-to-maturity investment securities that are measured at amortized cost under IAS 39, would also be measured at amortized cost under IFRS 9;
- debt securities classified as available-for-sale under IAS 39, would be measured at amortized cost or FVOCI depending on the business model within which they are held;

- assets in the debt securities lending portfolio (note 14) that are measured at amortized cost under IAS 39, would be measured at amortized cost or FVOCI depending on the business model within which they are held;
- debt securities that are measured at FVTPL under IAS 39 would continue to be measured at FVTPL under IFRS 9;
- trading and derivative assets that are measured at FVTPL under IAS 39 would also be measured at FVTPL under IFRS 9; and
- equity securities classified as available-for-sale under IAS 39 would be measured at FVTPL under IFRS 9.

IFRS 9 requires the business model assessment to be made based on the facts and circumstances that exist at the date of initial application, therefore, the Bank will carry a roll forward assessment during 2017 to determine the actual impact taking into account the business model strategies and the composition of its portfolios as at 31 December 2017.

***Impairment of financial assets***

IFRS 9 introduces an expected credit loss (ECL) model that replaces the incurred loss model in IAS 39. The new requirements eliminate the threshold in IAS 39 that required a credit event to have occurred before credit losses were recognized and will apply to a broader population of financial instruments compared to IAS 39. The measurement of ECL will require the use of complex models and significant judgment about future economic conditions and credit behavior.

The new impairment model will apply to financial assets that are not measured at FVTPL, including loans, lease receivables, debt securities, financial guarantee contracts and loan commitments issued. No impairment loss will be recognized on equity investments.

The new standard uses a ‘three stage approach’ that will reflect changes in credit quality since initial recognition. At each reporting date, a loss allowance equal to 12-month ECL will be recognized for debt instruments that are determined to have a low credit risk at the reporting date, and for all other financial assets for which there is no significant increase in credit risk since initial recognition. 12-month ECL are the portion of ECL that result from default events that are possible within the next twelve months after the reporting date. For financial assets that have experienced a significant increase in credit risk since initial recognition where no specific loss event has been identified, a loss allowance equal to lifetime ECLs will be recognized. The loss allowance for purchased or originated credit impaired financial assets will always be measured at an amount equal to lifetime ECL. Financial assets for which 12-month ECL are recognized will be considered to be in ‘stage 1’; financial assets which have experienced a significant increase in credit risk will be in ‘stage 2’ and financial assets that are credit impaired will be in ‘stage 3’.

*Measurement of expected credit losses*

The measurement of ECLs will be a probability-weighted average estimate of credit losses that will reflect the time value of money. A credit loss is the difference between the cash flows that are due to the Bank in accordance with the contractual terms of the instrument and the cash flows that the Bank expects to receive (i.e. cash shortfalls) discounted at the original effective interest rate (EIR) of the same instrument, or the credit-adjusted EIR in case of purchased or originated credit impaired assets (POCI). In measuring ECL, information about past events, current conditions and reasonable and supportable forecasts of future conditions should be considered. The new impairment model is expected to result in a higher loss allowance for the Bank compared to IAS 39.

For the purposes of measuring ECL, the Bank will estimate expected cash shortfalls, which reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms and are not recognized separately. The estimate of expected cash shortfalls on a collateralized financial instrument reflects the amount and timing of cash flows that are expected from foreclosure on the collateral less the discounted costs of obtaining and selling the collateral, irrespective of whether foreclosure is probable.

ECLs will be calculated over the maximum contractual period over which the Bank is exposed to credit risk. The maximum contractual period is defined based on the substantive terms of the instrument, including the Bank’s ability to demand repayment or cancellation and the customer’s ability to require extension. However, for revolving credit facilities (i.e. those that include both a loan and an undrawn commitment component) the period of exposure is determined in accordance with the Bank’s expected credit risk management actions to mitigate credit risk, including terminating or limiting credit exposure. In doing so, the Bank will consider its normal credit risk mitigation process, its past practice, future intentions and expected credit risk mitigation actions, the period over which the Bank was exposed to credit risk on similar instruments, and the length of time for defaults to occur on similar instruments following a significant increase in credit risk.

ECLs on individually large exposures and credit-impaired loans are measured individually. For retail exposures and some exposures to small and medium-sized enterprises, ECLs will be measured on a collective basis. This incorporates borrower specific information, such as delinquency, collective historical experience of losses and forward-looking macroeconomic information.

*Allocation of Exposures to Stages*

The Bank will distinguish financial assets between those which are measured based on 12-month ECLs (stage 1) and those that carry lifetime ECLs (stage 2 and 3), depending on whether there has been a significant increase in credit risk on the financial asset since initial recognition. In assessing whether a financial asset has experienced a significant increase in credit risk since initial recognition, the Bank intends to use a combination of quantitative, qualitative and backstop criteria including:

- relative changes on the residual lifetime probability of default;
- absolute thresholds on the residual lifetime probability of default; and
- days past due.

Management may apply temporary individual or collective overlays on exposures sharing the same credit risk characteristics to take into account specific situations which otherwise would not be fully reflected in the impairment models.

Financial assets that experience a significant increase in credit risk since initial recognition will be classified to stage 2. When the criteria for stage 2 classification are no longer met, financial assets will be reclassified to stage 1. Financial assets will be classified to stage 3 when they are considered to be credit impaired. Subsequent transfers from stage 3 to stage 2 will take place when the financial asset ceases to be credit impaired.

*ECL Key inputs*

The ECL calculations are based on the term structures of the probability of default (PD), the loss given default (LGD), the exposure at default (EAD) and other input parameters such as the credit conversion factor (CCF) and the prepayment rate. Generally, the Bank intends to derive these parameters from internally developed statistical models and observed point-in-time and historical data, leveraging the existing infrastructure development for the regulatory framework and risk management practices.

The PD represents the likelihood of a borrower defaulting on its financial obligations either on the next twelve months or over the remaining lifetime. In accordance with IFRS 9, the Bank will use point-in-time unbiased PDs that will incorporate forward looking information and macroeconomic scenarios.

EAD represents the exposure that the Bank expects to be owed at the event of default. The EAD of a financial asset will be the gross carrying amount at default. In estimating the EAD, the Bank will use historical observations and forward looking forecasts to reflect payments of principal and interest and any potential drawdowns on lending commitments.

LGD represents the Bank's expectation of the extent of loss on a defaulted exposure and is the difference between the contractual cash flows due and those that the Bank expects to receive including any amounts from collateral. LGD varies by type of counterparty, type and seniority of claim, availability of collateral or other credit support, and is usually expressed as a percentage of EAD.

The PD, LDG and EAD used for accounting purposes may differ from those used for regulatory purposes. PD under IFRS 9 is a point-in-time estimate whereas for regulatory purposes PD is a 'through-the-cycle' estimate. In addition, LGD and EAD for regulatory purposes are based on loss severity experienced during economic downturn conditions, while under IFRS 9, LGD and EAD reflect an unbiased and probability-weighted amount.

The CCF factor is used to convert the amount of a credit line and other off-balance sheet amounts to an EAD amount. It is a modelled assumption which represents a proportion of any undrawn exposure that is expected to be drawn prior to a default event occurring. The prepayment rate is an estimate of early prepayments on loan exposure in excess of the contractual repayment according to the repayment schedule and is expressed as a percentage applied to the EAD at each period, reducing the latter amount accordingly.

*Forward looking information*

In assessing whether credit risk has increased significantly since initial recognition and measuring ECL the Bank will incorporate forward looking information. The Bank will evaluate a range of forward looking economic scenarios in order to achieve an unbiased and probability weighted estimate of ECL. In particular, the Bank intends to use as a minimum three macroeconomic scenarios (i.e. base, adverse and optimistic) and consider the relative probabilities of each scenario. The base scenario will represent the most likely scenario and will be aligned with the information used by the Bank for strategic planning and budgeting purposes.

***Hedge accounting***

IFRS 9 includes a new general hedge accounting model which aligns hedge accounting more closely with risk management. Under the new model, more hedging strategies may qualify for hedge accounting, new hedge effectiveness requirements apply and discontinuation of hedge accounting will be allowed only under specific circumstances. The IASB currently has a separate project for the accounting of macro hedging activities. Until the above project is completed, entities have an accounting policy choice to continue applying the hedge accounting requirements in IAS 39.

The Bank intends to elect to continue applying IAS 39. However, the Bank will provide the expanded disclosures required by the related amendments to IFRS 7 '*Financial Instruments: Disclosures*'.

***IFRS 9 Implementation Program***

A Group-wide IFRS 9 Program, led jointly by Group Risk and Group Finance, was initiated in 2015 to ensure a robust and high quality implementation in compliance with the requirements of the Standard and respective regulatory guidance.

Overall governance is provided through a central Program Management Office (PMO) that coordinates the implementation of the Program among the various stakeholders and is responsible for the day-to-day management tasks, as well as two Management Committees, namely the Steering Committee and the Technical Committee. The Steering Committee, which comprises senior staff from all the main functions of the Bank, is mandated to oversee the implementation in accordance with the Standard, monitors timelines and the quality of the Program's deliverables, reviews program's results, approves deliverables and changes in the scope of the program where appropriate, and regularly informs the Executive Board, the Board Risk Committee, the Audit Committee and the Board of Directors on the Program's implementation progress. The Technical Committee is composed of Subject Matter Experts responsible for evaluating key technical issues and analyzing proposed changes in accounting policies and risk management methodologies for the Steering Committee before they are submitted and approved by the competent bodies of the Bank.

Reflecting the scale and complexity of the implementation plan, the Program is structured with various project teams (Group Finance, Group Risk Management, Information Systems, Internal Audit, Lending Business Units, Troubled Assets Group, Operations, Global Markets & Treasury and International General Division) dedicated to the various elements associated with the implementation of the Standard. These teams are supported by an external consultancy firm.

The implementation for the Group's foreign subsidiaries is managed locally with the establishment of local PMOs and Steering Committees. Progress is monitored by the central PMO with Head Office providing support and guidance to ensure consistent implementation within the Group.

The program progressed further in 2017 towards achieving key milestones across all work streams. In particular, up to date, the Bank is in the process of developing draft IFRS 9 accounting policies, key processes and process flows and the ECL methodologies. Educational workshops to the involved stakeholders are being conducted on the impact of IFRS 9 to the Bank's lending practices and day-to-day operational activities in order to ensure that the new requirements are well understood and will be applied consistently within the Bank.

The implementation phase of the IT solution has been completed and a pilot run has commenced. The Bank intends to undertake a parallel run of IAS 39 and IFRS 9 in order to ensure a seamless transition to the new standard on the required effective date, while testing, model validation and refinement activities will continue up to the end of 2017.

In addition, the Bank participates in the IFRS 9 thematic review conducted by the European Central Bank on the evaluation of the Bank's preparedness, the impact of the new accounting principles on processes, infrastructure and regulatory capital. The Bank has also carried out a preliminary impact assessment both for the classification and measurement and the impairment requirements within the context of the European Banking Authority's impact assessment on IFRS 9.

The assessment was performed with reference date 31 December 2016 using information available as of that date as well as a number of assumptions on key policy choices, as mentioned above, that are still being analyzed by Management and their formulation is in progress.

The most significant impact on the Bank's financial statements from the implementation of IFRS 9 is expected to result from the new impairment requirements. However, management is not yet in a position to estimate reliably the expected impact, since the Bank is in the process of finalizing models, assembling data and calibrating the impairment stage transfer criteria. The impact is also dependent on finalizing the classification assessment and the facts and circumstances from the date of initial application. Management expects that this information will be disclosed no later than in the 2017 Annual Report.

Furthermore, potential changes to the prudential treatment of accounting provisions due to IFRS 9 that may affect regulatory capital, are yet to be determined. The Bank is closely monitoring the developments for the introduction of a 'phase in' approach into EU legislation for mitigating the impact of IFRS 9 transition to regulatory capital.

***Transition***

The new requirements of IFRS 9 will be applied retrospectively by adjusting the Bank's balance sheet on the date of transition on 1 January 2018. The Bank intends to apply the exemption not to restate comparative figures for prior periods; therefore the Bank's 2017 comparatives will be presented on an IAS 39 basis.

Moreover, the following assessments will have to be made on the basis of facts and circumstances that exist at the date of initial application:

- the determination of the business model within which a financial asset is held;
- the designation and revocation of previous designations of certain financial assets and liabilities as measured at FVTPL; and
- the designation of certain investments in equity instruments not held-for-trading as FVOCI.

## 3. Critical accounting estimates and judgments in applying accounting policies

In preparing these condensed interim financial statements, the significant judgments made by Management in applying the Bank's accounting policies and the key sources of estimation uncertainty were the same as those applied to the published annual financial statements for the year ended 31 December 2016, which are those regarded by Management as the most important in applying the Bank's accounting policies.

Further information about the key assumptions and sources of estimation uncertainty are set out in notes 5, 9, 11, 21 and 25.

## 4. Greek Economy Liquidity Support Program

The Bank participates in the Hellenic Republic's plan to support liquidity in the Greek economy under Law 3723/2008 as amended and supplemented, as follows:

(a) First stream-preference shares
345,500,000 non-voting, preference shares, with nominal value of € 950 million, were subscribed to by the Hellenic Republic on 21 May 2009 (note 23); and

(b) Second stream-bonds issued by the Bank and guaranteed by the Hellenic Republic
As at 30 June 2017, the government guaranteed bonds, of face value of € 1,500 million, were fully retained by the Bank (note 20). During the first half of 2017, Government guaranteed bonds of face value of € 1,500 million matured, while the Bank proceeded with the issue of Pillar II bonds of face value of € 500 million. The significant decrease in the bonds issued and held by the Bank during the first half of 2017, compared to the respective amount during the first half of 2016, led to the reduction of the relative expenses recognized in the first half of 2017 by € 44 million.

Under Law 3723/2008, for the period the Bank participates in the program through the preference shares or the government guaranteed bonds (streams (a) and (b) above) the Hellenic Republic is entitled to appoint its representative to the Board of Directors. Information on the rights of the Hellenic Republic's representative is provided in the Directors' Report and Corporate Governance statement of the Annual Financial Report for the year ended 31 December 2016.

In addition, under Law 3756/2009, banks participating in the Greek Economy Liquidity Support Program are not allowed to acquire treasury shares under article 16 of the Company Law.

## 5. Credit exposure to Greek sovereign debt

As at 30 June 2017, the total carrying value of Greek sovereign major exposures is as follows:

| | 30 June 2017 € million | 31 December 2016 € million |
|---|---|---|
| Treasury bills | **1,493** | 1,285 |
| Greek government bonds | **2,094** | 1,970 |
| Derivatives with the Greek state | **956** | 1,070 |
| Exposure relating with Greek sovereign risk financial guarantee | **196** | 194 |
| Loans guaranteed by the Greek state | **132** | 140 |
| Loans to Greek local authorities and public organizations | **69** | 75 |
| Other receivables | **5** | 19 |
| **Total** | **4,945** | 4,753 |

In the first half of 2017, the credit risk valuation adjustment on derivatives with the Hellenic Republic has decreased by € 35 million, with a positive effect on the Bank's net trading income, as a result of the improvement in the short term tenors of Greek sovereign credit default swaps.

The adequacy of the impairment allowance for loans and receivables either guaranteed by the Greek state or granted to public related entities was evaluated in the context of the Bank's impairment policy. The Bank monitors the developments for the Greek macroeconomic environment closely in order to adjust appropriately its estimates and judgments based on the latest available information (note 2).

Information on the fair values of the Bank's financial instruments is provided in note 25.

## 6. Capital management

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

| | 30 June 2017 € million | 31 December 2016 € million |
|---|---|---|
| Total equity attributable to shareholders of the Bank | **6,246** | 6,130 |
| Less: Other regulatory adjustments | **(172)** | (97) |
| **Common Equity Tier 1 capital** | **6,074** | 6,033 |
| Add: Hybrid capital | **21** | 26 |
| Less: Other regulatory adjustments | **(21)** | (26) |
| **Total Tier 1 capital** | **6,074** | 6,033 |
| Tier II capital-subordinated debt | **-** | 4 |
| Add: Other regulatory adjustments | **103** | 117 |
| **Total Regulatory Capital** | **6,177** | 6,154 |
| | | |
| **Risk Weighted Assets** | **32,124** | 32,113 |
| | | |
| **Ratios:** | **%** | % |
| Common Equity Tier 1 | **18.9%** | 18.8% |
| Tier 1 | **18.9%** | 18.8% |
| Total Capital Adequacy Ratio | **19.2%** | 19.2% |

*Note: The CET1 as at 30 June 2017, based on the full implementation of the Basel III rules in 2024, would have been 15.2% (31 December 2016: 15%).*

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

To this direction, the Bank is focused on the organic strengthening of its capital position by the further expansion of pre-provision income while maintaining its robust risk management practices, the active management of non-performing exposures supported by the fully operational internal bad bank as well as by proceeding to additional initiatives associated with the restructuring, transformation or optimization of operations, in Greece and abroad, that will generate or release further capital and/or reduce risk weighted assets.

**Restructuring plan**

On 29 April 2014, the European Commission (EC) approved the Bank's restructuring plan, as it was submitted through the Greek Ministry of Finance on 16 April 2014. In addition, on 26 November 2015, the EC approved the Bank's revised restructuring plan in the context of the recapitalization process in 2015. The Hellenic Republic has committed that the Bank will implement specific measures and actions and will achieve objectives which are an integral part of the said restructuring plan.

The principal structural commitments of the revised restructuring plan relate to: (a) the reduction of the total costs and the maximum number of employees and branches for the Group's Greek activities, (b) the decrease of the cost of deposits collected in Greece, (c) the deleveraging of the portfolio of equity investments, subordinated and hybrid bonds, (d) the decrease in shareholding in specific non-banking subsidiaries, (e) the reduction of the net loans to deposits ratio for the Group's Greek banking activities, (f) the reduction of the portfolio of the Group's foreign assets (non-related to Greek clients), (g) restrictions on the capital injection to the Group's foreign subsidiaries, the purchase of non-investment grade securities, the staff remuneration, the payment of dividends, the credit policy to be adopted and other strategic decisions.

By 30 June 2017, the Group has already met/ respected the commitments referring to items 'a' to 'c' and 'g'. In the first half of 2017, the number of employees for the Greek activities was reduced to 9,710 below the Plan's target of 9,800 employees by 31 December 2017. Concerning item 'd': the Group has already completed the disposal of 80% of the shareholding in its insurance subsidiaries in August 2016 while on 4 July 2017, it announced the successful sale of its 20% shareholding in Grivalia Properties R.E.I.C. (note 12). In respect of the remaining commitments that should be implemented within 2018, referred to items 'e' and 'f', the Group proceeds to all actions and initiatives required to meet them within the prescribed deadlines, as reflected in the three-year Business Plan approved by the Board of Directors in January 2017.

Further information on the principal structural commitments to be implemented and the potential effect on the Bank's business is presented in note 6 of the financial statements for the year ended 31 December 2016.

**Monitoring Trustee**

The Memorandum of Economic and Financial Policies (MEFP) of the Second Adjustment Program for Greece between the Hellenic Republic, the European Commission, the International Monetary Fund and the European Central Bank provides for the appointment of a monitoring trustee in all banks under State Aid.

Grant Thornton S.A. was appointed as the Bank's Monitoring Trustee (MT) on 22 February 2013, with the mandate of the MT been subsequently amended and extended on 29 May 2014. The MT monitors the compliance with the commitments on corporate governance and commercial operational practices and the implementation of the restructuring plan and reports to the European Commission.

## 7. Dividend income

During the period, the Bank recognized dividend income mainly resulting from shares in subsidiaries and investments in associates, amounting to € 12 million (30 June 2016: € 40 million).

The analysis of the aforementioned dividends per entity is as follows:

| | 30 June 2017 € million | 30 June 2016 € million |
|---|---|---|
| Eurolife ERB Insurance Group Holdings S.A. | **8** | 34 |
| Grivalia Properties R.E.I.C. | **4** | 6 |
| **Total** | **12** | 40 |

## 8. Operating expenses

| | 30 June 2017 € million | 30 June 2016 € million |
|---|---|---|
| Staff costs | **(201)** | (194) |
| Administrative expenses | **(68)** | (80) |
| Contributions to resolution and deposit guarantee funds | **(25)** | (31) |
| Depreciation of property, plant and equipment | **(11)** | (13) |
| Amortisation of intangible assets | **(8)** | (7) |
| Operating lease rentals | **(21)** | (21) |
| **Total** | **(334)** | (346) |

### Staff costs

The average number of employees of the Bank during the period was 8,693 (June 2016: 9,091). As at 30 June 2017, the number of branches and business/private banking centers of the Bank amounted to 461.

## 9. Impairment allowance for loans and advances to customers

The movement of the impairment allowance for loans and advances to customers by product line is as follows:

| | 30 June 2017 | | | | |
|---|---|---|---|---|---|
| | Wholesale € million | Mortgage € million | Consumer [1] € million | Small business € million | Total € million |
| **Balance at 1 January** | **3,710** | **2,152** | **2,572** | **1,870** | **10,304** |
| Impairment loss for the period | 60 | 139 | 71 | 41 | **311** |
| Recoveries of amounts previously written off | 0 | - | 2 | - | **2** |
| Amounts written off | (320) | (41) | (19) | (3) | **(383)** |
| NPV unwinding | (40) | (29) | (17) | (36) | **(122)** |
| Sales transactions (note 13) | (47) | - | - | - | **(47)** |
| Foreign exchange differences and other movements | (10) | (24) | (18) | (13) | **(65)** |
| **Balance at 30 June** | **3,353** | **2,197** | **2,591** | **1,859** | **10,000** |

[1] *Credit cards balances are included.*

## 10. Other impairments, restructuring costs and provisions

| | 30 June 2017 € million | 30 June 2016 € million |
|---|---|---|
| Impairment losses and valuation losses on investment and repossessed properties | **(5)** | (1) |
| Other impairment losses and provisions [(1)] | **(1)** | (1) |
| **Other impairment losses and provisions** | **(6)** | (2) |
| | | |
| Provision for Voluntary Exit Scheme (Note 21) | **-** | (23) |
| Restructuring costs | **(1)** | (5) |
| **Restructuring costs** | **(1)** | (28) |
| | | |
| **Total** | **(7)** | (30) |

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

## 11. Income tax and tax adjustments

| | 30 June 2017 € million | 30 June 2016 € million |
|---|---|---|
| Current tax | **(9)** | (5) |
| Deferred tax | **(1)** | 2 |
| **Income tax** | **(10)** | (3) |
| | | |
| Tax adjustments | **-** | 31 |
| **Total tax (charge)/income** | **(10)** | 28 |

According to Law 4172/2013 currently in force, the nominal Greek corporate tax rate is 29%. In addition, dividends distributed, other than intragroup dividends which under certain preconditions are relieved from both income and withholding tax, are subject to 15% withholding tax, according to Law 4387/2016 and Law 4389/2016 which increased the respective tax rate from 10% to 15% for dividend distributions as of 1 January 2017 and onwards. In May 2017, according to article 14 of Law 4472/2017, which amended Law 4172/2013, the Greek corporate tax rate for entities other than credit institutions, will decrease from 29% to 26% for the tax years starting from 1 January 2019 and onwards, subject to certain preconditions in the context of the Third Economic Adjustment Program of Greece.

In the first half of 2016 following a favorable court decision, the Bank has recognized a tax income of € 30.5 million for tax claims against the Greek State in relation to the one - off taxation of the Bank's non-taxed reserves which had been imposed by the Law 3513/2006.

**Tax certificate and open tax years**

For the year ended 31 December 2011 and onwards as the Law 4174/2013 (article 65A) currently stands (and as Law 2238/1994 previously provided in article 82), up to and including fiscal years starting before 1 January 2016, the Greek sociétés anonymes and limited liability companies whose annual financial statements are audited compulsorily, were required to obtain an 'Annual Tax Certificate', which is issued after a tax audit is performed by the same statutory auditor or audit firm that audits the annual financial statements. For fiscal years starting from 1 January 2016 and onwards, the 'Annual Tax Certificate' is optional, however the Bank will obtain such certificate.

The Bank has been audited by tax authorities up to 2010. Furthermore, the Bank has obtained by external auditors unqualified tax certificates for years 2011-2016. In addition, New TT Hellenic Postbank and New Proton Bank, which were merged with the Bank in 2013, have obtained by external auditors unqualified tax certificates with a matter of emphasis for their unaudited by tax authorities periods/tax years 18/1-30/6/2013 and 9/10/2011- 31/12/2012, respectively, with regards to potential tax obligations resulting from their carve out. For both cases the Bank has formed adequate provisions.

In accordance with the Greek tax legislation and the respective Ministerial Decisions issued, additional taxes and penalties may be imposed by the Greek tax authorities following a tax audit within the applicable statute of limitations (i.e. in principle five years as from the end of the fiscal year within which the relevant tax return should have been submitted), irrespective of whether an unqualified tax certificate has been obtained from the tax paying company.

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

The movement on deferred income tax is as follows:

| | 30 June 2017 € million |
|---|---|
| **Balance at 1 January** | **4,918** |
| Income statement credit/(charge) | (1) |
| Available for sale investment securities | (35) |
| Cash flow hedges | (6) |
| Other | (1) |
| **Balance at 30 June** | **4,875** |

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

| | 30 June 2017 € million | 31 December 2016 € million |
|---|---|---|
| PSI+ tax related losses | **1,226** | 1,251 |
| Loan impairment and accounting write-offs | **3,170** | 3,134 |
| Unused tax losses | **39** | 30 |
| Losses from disposals and crystallized write-offs of loans | **20** | 8 |
| Valuations through the income statement | **313** | 341 |
| Costs directly attributable to equity transactions | **35** | 38 |
| Cash flow hedges | **18** | 25 |
| Valuations directly to available-for-sale revaluation reserve | **(34)** | 1 |
| Fixed assets | **(5)** | (3) |
| Defined benefit obligations | **12** | 12 |
| Other | **81** | 81 |
| **Net deferred income tax** | **4,875** | 4,918 |

Deferred income tax (charge)/credit in the income statement is attributable to the following items:

| | 30 June 2017 € million | 30 June 2016 € million |
|---|---|---|
| Loan impairment and accounting write-offs | **37** | 40 |
| Unused tax losses | **9** | (1) |
| Tax deductible PSI+ losses | **(25)** | (25) |
| Change in fair value and other temporary differences | **(22)** | (12) |
| **Deferred income tax (charge)/credit** | **(1)** | 2 |

As at 30 June 2017, the Bank recognized net deferred tax assets amounting to € 4.9 bn as follows:

(a) € 1,226 million refer to losses resulted from the Bank's participation in PSI+ and the Greek's state debt buyback program which are subject to amortization (i.e. 1/30 of losses per year starting from year 2012 and onwards) for tax purposes;

(b) € 3,170 million refer to deductible temporary differences arising from loan impairment that can be utilized in future periods with no specified time limit and according to current tax legislation and to accounting debt write-offs according to Law 4172/2013 as amended by Law 4465/2017 in March 2017;

(c) € 20 million refer to the unamortized part of the crystallized tax loss arising from NPLs write-offs and disposals, which are subject to amortization (i.e. 1/20 of losses per year starting from year 2016 and onwards), according to Law 4172/2013 as amended by Law 4465/2017 in March 2017;

(d) € 39 million refer to unused tax losses. The ability to utilize tax losses carried forward mainly expires in 2020;

(e) € 35 million mainly refer to deductible temporary differences related to the (unamortized for tax purposes) costs directly attributable to Bank's share capital increases, subject to 10 years' amortization according to tax legislation in force at the year they have been incurred; and

(f) € 385 million refer to other deductible temporary differences (i.e. valuation losses, provisions for pensions and other post-retirement benefits, etc.) the majority of which can be utilized in future periods with no specified time limit and according to the applicable tax legislation.

**Assessment of the recoverability of deferred tax assets**

The recognition of the above presented deferred tax assets is based on management's assessment, as at 30 June 2017, that the Bank will have sufficient future taxable profits, against which the unused tax losses, the deductible temporary differences, as well as the losses from PSI+ and the Greek state's debt buyback program can be utilized. The deferred tax assets are determined on the basis of the tax treatment of each deferred tax asset category, as provided by the applicable tax legislation, the eligibility of carried forward losses for offsetting with future taxable profits, the actual tax results for the year ended 31 December 2016 and the extrapolated tax results for the year ended 31 December 2017 using the actual tax results for the period ended 30 June 2017.

Additionally, the Bank's assessment on the recoverability of recognized deferred tax assets is based on (a) the future performance expectations (projections of operating results) and growth opportunities relevant for determining the expected future taxable profits, (b) the expected timing of reversal of the deductible and taxable temporary differences, (c) the probability that the Bank will have sufficient taxable profits in the future, in the same period as the reversal of the deductible and taxable temporary differences (i.e. profits/ losses on sale of investments or other assets, etc.) or in the years into which the tax losses can be carried forward, and (d) the historical levels of the Bank's performance in combination with the previous years' tax losses caused by one off or non-recurring events.

For the period ended 30 June 2017 the Bank has conducted a deferred tax asset (DTA) recoverability assessment based on its three-year Business Plan that was approved by the Board of Directors in January 2017 and provides outlook of its profitability and capital position for the period up to the end of 2019. The said Business Plan has also been submitted to the Hellenic Financial Stability Fund (HFSF) and to the Single Supervisory Mechanism (SSM).

For the years beyond 2019, the forecast of operating results was based on the management projections considering the growth opportunities of the Greek economy, the banking sector and the Bank itself.

The level of the abovementioned projections adopted in the Bank's Business Plan is mainly based on assumptions and estimates regarding (a) the further reduction of its funding cost driven by the decrease of the Emergency Liquidity Assistance (ELA) and the gradual elimination of Greek Government Guarantees (GGGs), the gradual repatriation of customer deposits replacing more expensive funding sources, and the further decrease of the respective interest rates, (b) the lower loan impairment losses as a result of the macroeconomic conditions in Greece that are expected to improve gradually and the strategic initiatives in line with the Non-Performing Exposures (NPEs) strategy that the Bank has committed to SSM, regarding the effective management of its troubled assets' portfolio, (c) the effectiveness of the continuous cost containment measures, and (d) the gradual restoration of traditional commission income, such as asset management and network fees and commissions relating with capital markets and investment banking activities.

The implementation of the abovementioned Business Plan largely depends on the risks and uncertainties that stem from the macroeconomic environment in Greece (note 2).

**Legal framework for tax credit against the Greek State and tax regime for loan losses**

According to article 27A of Law 4172/2013, which is applicable to Greek financial institutions, including leasing and factoring companies, deferred tax assets that have been recognized by the Bank due to (a) losses from the Private Sector Involvement (PSI) and the Greek State Debt Buyback Program, and (b) accumulated provisions and other losses in general due to credit risk (provisions and credit losses) which were accounted as at 30 June 2015, will be converted into directly enforceable claims (tax credit) against the Greek State, in accordance with the law provisions, provided that the Bank's after tax accounting result for the period, is a loss. For the period ended 30 June 2017, the Bank's after tax result amounted to a gain of € 18 million, while deferred tax assets eligible for conversion to tax credits amounted to € 3,989 million.

According to article 43 of Law 4465/2017 (voted by the Greek Parliament in March 2017), which amended Law 4172/2013 with effect from 2016 onwards, the existing legislative framework regarding eligible DTAs/ deferred tax credits (DTCs) accounted for on the accumulated provisions and other losses in general due to credit risk (case (b) above) was revised and tax regime for loan losses was reformed. More specifically, the cumulative DTC will be calculated by applying the current corporate tax rate (on condition that this will not exceed the tax rate that was applicable for tax year 2015, i.e. 29%) on the sum of (i) the unamortized part of the crystallized loan losses from write-offs and disposals, (ii) the accounting debt write-offs and (iii) the remaining accumulated provisions recorded up to 30 June 2015.

The above tax reform provides for a gradual amortization over a twenty-year period of the crystallized tax loss arising from NPLs write-offs and disposals, maintaining the DTC status during all this period, while it disconnects the accounting write-offs from crystallized debt write-offs.

This aforementioned treatment (i.e. extension of the loan loss utilization for a longer period instead of an immediate one-off deduction subject to a five-year carry forward limitation period) safeguards the recovery of the deferred tax asset recorded on NPLs.

The new rules related to the method of calculating the DTC safeguard the Bank's regulatory capital structure, while they contribute substantially to the achievement of the NPEs reduction targets, through the acceleration of write-offs and disposals.

In May 2017, according to article 82 of Law 4472/2017, which further amended article 27A of Law 4172/2013, an annual fee of 1.5% is imposed on the excess amount of deferred tax assets guaranteed by the Greek State, stemming from the difference between the current tax rate (i.e. 29%) and the tax rate applicable on 30 June 2015 (i.e. 26%). For the period ended 30 June 2017, an amount of € 10 million has been recognized in the income statement of which an amount of € 7 million refers to the respective fee for the year 2016.

## 12. Discontinued operations

### Investment in Grivalia Properties R.E.I.C. classified as held for sale

In June 2017, the Bank's entire holding of 20% in the share capital of Grivalia Properties R.E.I.C., was classified as held for sale, as its sale was considered highly probable.

The fair value less costs to sell of the Bank's share in Grivalia Properties R.E.I.C., which was determined by reference to the share price of Grivalia Properties R.E.I.C in the Athens Stock Exchange as at 30 June 2017 (i.e. € 9.15 per share resulting in a market value of € 185 million for the Bank's share), exceeded the respective carrying amount of € 160 million, therefore no impairment loss was recognized upon the remeasurement of the Bank's investment at the lower of its carrying amount and fair value less costs to sell. This is a non-recurring fair value measurement, categorized as Level 1 in the fair value hierarchy.

***Post balance sheet event***

On 4 July 2017, the Bank announced the successful sale of its shareholding in Grivalia Properties R.E.I.C., via an institutional private placement by way of an accelerated bookbuild offering to institutional investors at a price of € 8.80 per share, for a total cash consideration of € 178 million. The disposal of the Bank's holding in Grivalia Properties R.E.I.C., which was in line with the Bank's restructuring plan, resulted to € 11 million gain after tax, including selling costs of € 2.9 million, out of which € 0.4 million refer to intragroup selling costs.

## 13. Loans and advances to customers

| | 30 June 2017 € million | 31 December 2016 € million |
|---|---|---|
| Wholesale lending | **14,447** | 14,692 |
| Mortgage lending | **15,743** | 16,098 |
| Consumer lending [1] | **4,942** | 5,059 |
| Small business lending | **6,345** | 6,363 |
| | **41,477** | 42,212 |
| Less: Impairment allowance (note 9) | **(10,000)** | (10,304) |
| **Total** | **31,477** | 31,908 |

[1] *Credit cards balances are included.*

As at 30 June 2017, the Bank's non performing exposures amounted to € 19,750 million (31 December 2016: € 20,510 million).

As of 30 September 2014, in accordance with IAS 39 'Financial Instruments: Recognition and Measurement', the Bank has elected to reclassify certain impaired corporate bond loans from the 'Available-for-sale' portfolio to 'Loans and advances to customers' portfolio that met the definition of loans and receivables and the Bank has the intention and ability to hold them for the foreseeable future or until maturity. The reclassifications were made with effect from 30 September 2014 at the loans' fair value of € 150 million (gross amount of € 550 million less fair value adjustment of € 400 million), which became their amortized cost at the reclassification date.

In addition, in December 2014 the Bank acquired a fully impaired bond loan of € 42 million, previously held by a subsidiary and guaranteed by the Bank itself. The said loan was presented within Loans and advances to customers on a gross basis and therefore the gross balance of Loans and advances to customers and the impairment allowance have increased by the fair value adjustment of € 42 million.

As at 30 June 2017, the carrying amount of these loans is € 87 million which approximates their fair value. No amounts would have been recognized in the OCI had these financial assets not been reclassified.

In the first half of 2017, the Bank proceeded with the sale of wholesale Non-Performing loan portfolios of € 75 million (€ 28 million, net of impairment allowance) to its subsidiary ERB New Europe Funding II B.V. The transaction had no effect in the Bank's income statement.

**Operational targets for Non-Performing Exposures (NPEs)**

In line with the national strategy for the reduction of NPEs, the Bank of Greece (BoG), in cooperation with the supervisory arm of the European Central Bank (ECB), has designed an operational targets framework for NPE management, supported by several key performance indicators. Pursuant to the said framework, the Greek banks submitted at the end of September 2016 a set of NPEs operational targets together with a detailed NPEs management strategy with a three-year time horizon, which were formed on the basis of key macroeconomic assumptions. The supervisory authority reviews the course to meeting the operational targets on a quarterly basis.

In accordance with the latest BoG report issued in June 2017, the Greek banks managed in total to meet the targets for the reduction in the stock of NPEs. More specifically, at the end of March 2017, the stock of NPEs (excluding off-balance sheet items) amounted to € 103.9 bn or € 1.4 bn lower than the targeted amount. With respect to the target for the stock of NPLs (90 days past due loans), their balances stood at € 75.2 bn slightly higher by approximately € 0.5 bn than the targeted amount.

In the first months of 2017, significant legislative changes towards the reduction of NPEs include the amendment of Law 4172/2013 for lifting tax-related impediments (note 11), the voting of Law 4469/2017 for the out-of-court workout mechanism for businesses, as well as a law (Law 4472/2017) on e-auctions and on the regulation of the Bank Executives' legal responsibilities for NPEs workouts.

Further information in relation to the NPE operational targets of the Greek banking system, the key risks and the Bank's NPE strategy is provided in the note 7.2 of the financial statements for the year ended 31 December 2016.

## 14. Investment securities

| | 30 June 2017 € million | 31 December 2016 € million |
|---|---|---|
| Available-for-sale investment securities | **3,907** | 2,791 |
| Debt securities lending portfolio | **5,751** | 8,094 |
| Held-to-maturity investment securities | **117** | 126 |
| **Total** | **9,775** | 11,011 |

The investment securities per category are analyzed as follows:

| | 30 June 2017 | | | |
|---|---|---|---|---|
| | Available--for-sale securities € million | Debt securities lending portfolio € million | Held-to--maturity securities € million | Total € million |
| **Debt securities** | | | | |
| - EFSF bonds | **51** | **4,551** | **-** | **4,602** |
| - Greek government bonds | **1,187** | **902** | **-** | **2,089** |
| - Greek government treasury bills | **1,493** | **-** | **-** | **1,493** |
| - Other government bonds | **959** | **298** | **-** | **1,257** |
| - Other issuers | **152** | **0** | **117** | **269** |
| | **3,842** | **5,751** | **117** | **9,710** |
| **Equity securities** | **65** | **-** | **-** | **65** |
| **Total** | **3,907** | **5,751** | **117** | **9,775** |

| | 31 December 2016 | | | |
|---|---|---|---|---|
| | Available--for-sale securities € million | Debt securities lending portfolio € million | Held-to--maturity securities € million | Total € million |
| Debt securities | | | | |
| - EFSF bonds | - | 6,843 | - | 6,843 |
| - Greek government bonds | 1,039 | 929 | - | 1,968 |
| - Greek government treasury bills | 1,285 | - | - | 1,285 |
| - Other government bonds | 207 | 307 | - | 514 |
| - Other issuers | 163 | 15 | 126 | 304 |
| | 2,694 | 8,094 | 126 | 10,914 |
| Equity securities | 97 | - | - | 97 |
| Total | 2,791 | 8,094 | 126 | 11,011 |

In 2008 and 2010, in accordance with the amendments to IAS 39 'Financial Instruments: Recognition and Measurement', the Bank reclassified eligible debt securities from the 'Available-for-sale' portfolio to 'Debt securities lending' portfolio carried at amortized cost. Interest on the reclassified securities continued to be recognized in interest income using the effective interest rate method. As at 30 June 2017, the carrying amount of the reclassified securities was € 858 million. Had the financial assets not been reclassified, changes in the fair value for the period from the reclassification date until 30 June 2017 would have resulted in € 335 million losses net of tax, which would have been recognized in the available-for-sale revaluation reserve.

During the first half of 2017, the Bank proceeded with the deleveraging of its equity investments portfolio, recognizing a gain of € 24 million, presented in line 'Gains less losses from investment securities'. In the comparative period, a total gain of € 37 million was recognized following the completion of the acquisition of Visa Europe Ltd by Visa Inc.

**Sale of European Financial Stability Facility (EFSF) notes**

In the context of the European Stability Mechanism (ESM)/EFSF decision for the implementation of the short-term Greek debt relief measures and following the relevant Board of Directors (BoD) decision on 20 January 2017, the Bank, along with the other three systemic Greek banks, has entered into an agreement with the EFSF, the Hellenic Republic, the HFSF and the Bank of Greece on 16 March 2017 for the exchange of the EFSF floating rate notes, which had been used for the recapitalization of the Greek banking system. This agreement aims to reduce Greece's interest rate risk and smoothen its debt repayment profile. Particularly, the said EFSF notes will be exchanged at their book value with either cash or fixed rate ones with a longer maturity, which would be sold back, after a short holding period, to EFSF. The exchange is expected to take place gradually within the next months and will be implemented through a series of separate monthly transactions, which will ultimately result in the sale of the Bank's EFSF floating rate notes at their book value.

In this context, in the first half of 2017 and in July 2017, the Bank exchanged floating rate EFSF notes of face value of € 2.5 bn and € 955 million, respectively, with fixed rate EFSF notes of equivalent face value. Up to 30 June 2017 and until the end of August 2017, exchanged EFSF notes of face value of € 2.1 bn and € 1.4 bn respectively, were sold back to the EFSF. The above transactions had no effect in the Bank's income statement.

In January 2017, prior to the aforementioned BoD decision and in line with the relevant EFSF decision in April 2016 that allowed Greek banks to sell the said notes to the members of the Eurosystem in accordance with the conditions applicable to the Public Sector Asset Purchase Program (PSPP), the Bank proceeded with the sale of EFSF notes of face value of € 187 million, recognizing a gain of € 5 million in 'Gains less losses from investment securities'.

## 15. Shares in subsidiary undertakings

**Standard Ktimatiki S.A., Greece**

In January 2017, the Bank acquired 100% of the shares and voting rights of the real estate company Standard Ktimatiki S.A. for a cash consideration of € 0.75 million. The acquisition took place following an enforcement of collateral on the company's shares under a Bank's subsidiary finance lease arrangement.

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

In the first quarter of 2017, the company's purpose as defined in its articles of association was amended and its name was changed from Eurobank Financial Planning Services S.A. to Eurobank FPS Loans and Credits Claim Management S.A. Following the above, the company obtained a license from the Bank of Greece that allows it to operate as an independent servicer of loans granted by credit or financial institutions pursuant to the Law 4354/2015.

**Anaptyxi II Holdings Ltd and Anaptyxi II Plc, United Kingdom**

In March 2017, the liquidation of the companies was completed.

**Daneion Holdings Ltd, Daneion 2007-1 Plc and Daneion APC Ltd, United Kingdom**

In March 2017, the liquidation of the companies was completed.

**Byzantium II Finance Plc, United Kingdom**

In April 2017, the company was revived and is under liquidation.

**Eurobank Business Services S.A., Greece**

In April 2017, the disposal of the company was completed for a total cash consideration of € 2.1 million.

**ERB Leasing A.D. Beograd, Serbia**

In May 2017, the Bank's participation in the company decreased from 25.81% to 17.51%, following a share capital increase of the company in favor of the other shareholder, Eurobank A.D. Beograd. In June 2017, the liquidation of the company was decided.

**Eurobank Bulgaria A.D., Bulgaria**

In the context of the acquisition of Alpha Bank's Branch in Bulgaria by Eurobank Bulgaria A.D. (Postbank), on 2 March 2016 the Bank acquired € 55 million of Postbank's liabilities to Alpha Bank Group for a consideration of € 1. The resulting gain of € 55 million, which was attributed to the particular circumstances of the acquisition in line with the restructuring plans for Alpha Bank and the Bank, has been recognized in 'Other operating income'.

***Post balance sheet events***

**Grivalia Properties R.E.I.C., Greece**

On 4 July 2017, the Bank announced the completion of the sale of 20% of Grivalia Properties R.E.I.C. (note 12).

**Eurobank ERB Mutual Funds Mngt Company S.A., Greece**

In July 2017, the liquidation of the company was completed.

**ERB Hellas (Cayman Islands) Ltd, Cayman Islands**

In July 2017, the Bank acquired from its subsidiary ERB New Europe Funding III Ltd 100% of the shares and voting rights of ERB Hellas (Cayman Islands) Ltd.

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

In August 2017, Eurobank FPS Loans and Credits Claim Management S.A. merged with Eurobank Remedial Services S.A.

## 16. Other assets

| | **30 June 2017 € million** | 31 December 2016 € million |
|---|---|---|
| Receivable from Deposit Guarantee and Investment Fund | **700** | 695 |
| Repossessed properties and relative prepayments | **270** | 277 |
| Pledged amount for a Greek sovereign risk financial guarantee | **242** | 242 |
| Income tax receivable | **153** | 163 |
| Other guarantees | **37** | 38 |
| Prepaid expenses and accrued income | **61** | 40 |
| Investments in associates and joint ventures (see below) | **34** | 27 |
| Financial instruments at fair value through profit or loss | **8** | 8 |
| Other assets | **74** | 108 |
| **Total** | **1,579** | 1,598 |

As at 30 June 2017, other assets amounting to € 74 million include, among others, receivables related to (a) public entities and (b) legal cases, net of provisions.

The following is the listing of the Bank's associates and joint ventures as at 30 June 2017:

| Name | Note | Country of incorporation | Line of business | Percentage Holding |
|---|---|---|---|---|
| Femion Ltd | | Cyprus | Special purpose investment vehicle | 66.45 |
| Tefin S.A. [(1)] | | Greece | Dealership of vehicles and machinery | 50.00 |
| Sinda Enterprises Company Ltd | | Cyprus | Special purpose investment vehicle | 48.00 |
| Alpha Investment Property Kefalariou S.A. | a | Greece | Real estate | 41.67 |
| Global Finance S.A. [(2)] | | Greece | Investment financing | 9.91 |
| Famar S.A. | b | Luxembourg | Holding company | 23.55 |
| Odyssey GP S.a.r.l. | | Luxembourg | Special purpose investment vehicle | 20.00 |
| Eurolife ERB Insurance Group Holdings S.A. [(3)] | | Greece | Holding company | 20.00 |

[(1)] *In December 2013, the Extraordinary General Meeting of shareholders of the company decided its liquidation.*
[(2)] *Global Finance group (Global Finance S.A. and its subsidiaries) is considered as a Bank's associate.*
[(3)] *Eurolife Insurance group (Eurolife ERB Insurance Group Holdings S.A. and its subsidiaries) is considered as a Bank's associate.*

**(a) Alpha Investment Property Kefalariou S.A., Greece**

In January 2017, in the context of the debt restructuring of NIKAS S.A. and its subsidiaries, the Bank acquired 41.67% of the shares and voting rights of Alpha Investment Property Kefalariou S.A. for € 0.01 million. The Bank subsequently participated, along with the other banks holding a collateralized bond loan to NIKAS S.A. (Alpha Bank and Attica Bank), in the share capital increase of Alpha Investment Property Kefalariou S.A. on a pro rata basis with € 7.5 million, out of a total amount of € 18 million.

Following the execution of the Nikas' Debt Restructuring Agreement, that includes among others the debt to asset swap of a certain real estate property, Alpha Investment Property Kefalariou S.A. acquired from NIKAS S.A. the property which served at the time as collateral to the related bond loan for a total consideration of € 17 million. The proceeds from the disposal of the property were used by NIKAS S.A. to partially settle its debt obligations against the banks.

**(b) Famar S.A., Luxembourg**

On 7 March 2017, the Bank acquired 24.37% of the shares and voting rights of Famar S.A. for a cash consideration of € 2. The acquisition took place following the execution of a Restructuring Protocol, according to which Marinopoulos Holding S.à r.l. had agreed to sell the company's shares to Eurobank, Alpha Bank, National Bank of Greece and Piraeus Bank (the Greek banks). The Bank's participation in the company's share capital was subsequently decreased to 23.55%. In accordance with the terms of the shareholders' agreement signed on 7 March 2017, the management of Famar S.A. was assumed by Pillarstone and the Greek banks. Furthermore, new funds equal to € 40 million were made available to Famar S.A. by the Greek Banks (Eurobank participated at a proportion of 24.37%) and the outstanding senior debt facility of Famar Holding was restructured. The purpose of the acquisition of Famar S.A. by the Greek banks was to maximize the potential recovery of the loans granted to Famar Group and the loans to Marinopoulos Group, which were secured by a pledge over Famar's shares.

Based on the terms of the shareholders' agreement, the Bank has significant influence over Famar S.A. and at the same time remains the beneficiary of the share pledge agreement in relation to the aforementioned loans.

## 17. Due to central banks

| | 30 June 2017 € million | 31 December 2016 € million |
|---|---|---|
| Secured borrowing from ECB and BoG | **13,839** | 13,906 |

As at 30 June 2017, the Bank's dependency on Eurosystem financing facilities stood at € 13.8 bn (of which € 11.2 bn funding from ELA). Furthermore the Bank replaced € 1.3 bn funding from ECB's main refinancing operations (MROs) with ECB's targeted longer-term refinancing operations (TLTROs). As at 31 July 2017, the Eurosystem funding reduced further to € 12.5 bn, of which € 9.9 bn funding from ELA, mainly as a result of selective asset deleveraging (note 14), increased repo transactions and deposit inflows.

## 18. Due to credit institutions

| | 30 June 2017 € million | 31 December 2016 € million |
|---|---|---|
| Secured borrowing from credit institutions | **7,846** | 10,007 |
| Borrowings from international financial and similar institutions | **264** | 190 |
| Interbank takings | **765** | 863 |
| Current accounts and settlement balances with banks | **136** | 29 |
| **Total** | **9,011** | 11,089 |

As at 30 June 2017, the majority of secured borrowing transactions with other banks were conducted with foreign financial institutions with collaterals EFSF bonds, covered bonds and Greek government guaranteed bonds issued and retained by the Bank (notes 14 and 20). As at 30 June 2017, borrowings from international financial and similar institutions include borrowings from European Investment Bank, European Bank for Reconstruction and Development and other similar institutions.

## 19. Due to customers

| | 30 June 2017 € million | 31 December 2016 € million |
|---|---|---|
| Savings and current accounts | **13,658** | 13,424 |
| Term deposits | **10,258** | 10,169 |
| Repurchase agreements | **53** | 53 |
| Other term products (note 20) | **-** | 32 |
| **Total** | **23,969** | 23,678 |

The other term products concern subordinated notes held by the Bank's customers, which matured in June 2017.

## 20. Debt securities in issue

| | 30 June 2017 € million | 31 December 2016 € million |
|---|---|---|
| Subordinated - Lower Tier II (note 19) | **-** | 43 |
| Medium-term notes (EMTN) (note 19) | **7** | 17 |
| **Total** | **7** | 60 |

**Subordinated (Lower TIER II)**

In the first half of 2017, the subordinated notes issued by the Bank of face value of € 75 million, € 32 million of which were held by Bank's customers (note 19), matured.

**Government guaranteed and covered bonds**

As at 30 June 2017, the government guaranteed bonds under the second stream of the Greek Economy Liquidity Support Program (note 4), as well as the covered bonds, of face value of € 1,500 million and € 2,275 million, respectively, were retained by the Bank.

During the first half of 2017, Government guaranteed bonds of face value of € 1,500 million matured, while the Bank proceeded with the issue of Pillar II bonds of face value of € 500 million.

***Post balance sheet event***

In July 2017, the Bank proceeded with the issue of covered bonds of face value of € 475 million. The total issue was held by the Bank.

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

## 21. Other liabilities

| | 30 June 2017 € million | 31 December 2016 € million |
|---|---|---|
| Balances under settlement [1] | **108** | 162 |
| Other provisions | **89** | 99 |
| Deferred income and accrued expenses | **80** | 45 |
| Standard legal staff retirement indemnity obligations | **42** | 40 |
| Sovereign risk financial guarantee | **46** | 48 |
| Other liabilities | **77** | 134 |
| **Total** | **442** | 528 |

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

As at 30 June 2017, other liabilities amounting to € 77 million mainly consist of payables relating with (a) suppliers and creditors, (b) contributions to insurance organizations and (c) duties and other taxes.

As at 30 June 2017, other provisions amounting to € 89 million mainly include € 54 million for outstanding litigations and claims in dispute (note 27), € 25 million for restructuring costs related to the Voluntary Exit Scheme (VES) and € 9 million for other operational risk events.

The implementation of the VES, which was designed for the Group's employees in Greece in the context of the implementation of the Bank's restructuring plan and in line with the related principal commitments described therein (note 6), commenced in the second quarter of 2016 and is expected to be completed within the following months.

## 22. Ordinary share capital and share premium

The par value of the Bank's shares is € 0.30 per share. All shares are fully paid. The balance of ordinary share capital, share premium and the number of ordinary shares issued by the Bank, are as follows:

| | Ordinary Share capital € million | Share premium € million | Number of issued ordinary shares |
|---|---|---|---|
| **Balance at 30 June 2017** | **656** | **8,056** | **2,185,998,765** |

### Treasury shares

Under Law 3756/2009, banks participating in the Government's Greek Economy Liquidity Support Program are not allowed to acquire treasury shares in accordance with article 16 of the Company Law.

## 23. Preference shares

| Preference Shares | | |
|---|---|---|
| Number of shares | 30 June 2017 € million | 31 December 2016 € million |
| **345,500,000** | **950** | 950 |

On 12 January 2009, the Extraordinary General Meeting of the Bank approved the issue of 345,500,000 non-voting, non-listed, non-transferable, tax deductible, non-cumulative 10% preference shares, with nominal value € 2.75 each, under Law 3723/2008 'Greek Economy Liquidity Support Program', to be fully subscribed to and paid by the Greek State with bonds of equivalent value. The proceeds of the issue amounted to € 940 million, net of expenses, and the transaction was completed on 21 May 2009. In accordance with the current legal and regulatory framework, the issued shares have been classified as Common Equity Tier I capital (further information on the preference shares is presented in note 38 of the financial statements for the year ended 31 December 2016).

The payment of the non-cumulative coupon on the preference shares is subject to meeting the minimum capital adequacy requirements, set by Bank of Greece (BoG), the availability of distributable reserves in accordance with article 44A of Company Law 2190/1920 and the approval of the Annual General Meeting. Taking into account that the Bank has accumulated losses at the end of 2016, the distribution of dividends to either ordinary or preference shareholders is not permitted.

Furthermore, pursuant to the provisions of article 80 of the new Law 4484/2017 (Government Gazette A' 110, 1 August 2017), five years after their issue, the redemption of the preference shares in whole or in part is allowed, in consideration for cash or Tier II capital instruments as defined in Regulation 575/2013, or a combination thereof, having received the supervisory authority's consent. In case the issuance of Tier II capital instruments is opted for the redemption (exchange), they should satisfy the following conditions:

(a) their nominal value should be calculated on the basis of the initial offer price of the preference shares;

(b) their features should satisfy the conditions of Regulation 575/2013 applicable to Tier II instruments, and especially article 63 thereof;

(c) they have a maturity of ten years and the issuer has an option, exercisable at the issuer's sole discretion, to call or redeem or repurchase or early repay the instruments after five years from their issuance with the approval of the regulatory authority;

(d) they may be early repaid prior to five years from their issue date subject to approval by the regulatory authority and provided a tax event or a regulatory event, as defined in article 78 par. 4 of Regulation 575/2013, has occurred;

(e) their repayment after five years from their issue date and until maturity, as well as in the circumstances contemplated in (d) above, shall be made at their nominal value;

(f) upon redemption or early repayment of the instruments, accrued interest thereon in respect of the relevant interest period shall always be payable;

(g) their nominal interest rate (coupon) shall be fixed and interest shall be payable semi-annually at the last day of the sixth and twelfth month each year. In relation to the first payment, the interest rate is calculated by reference to the time period remaining until the end of the earlier of any of the above dates, if it is less than six (6) months;

(h) the interest rate is calculated on the basis of the average yield of the ten-year reference bond of the Hellenic Republic at the first fifteen (15) days of June 2017 plus fifty (50) basis points and cannot be lower than 6%; and

(i) they will be freely transferable and may be listed on a regulated market.

The request to redeem the preference shares in accordance with the above mentioned conditions is submitted to the Minister of Finance, who issues a relevant decision in compliance with the state-aid rules of the E.U. If the redemption is made through an exchange with Tier II capital instruments, an agreement signed between the Minister of Finance and the Bank is entered into to provide for, among others, the specific terms of such instruments, and any other detail relevant to the above transaction.

Taking into consideration that under the existing regulatory framework, the preference shares of the Greek State will cease to account for in the Bank's regulatory capital from 1 January 2018 onwards, the Bank decided, pursuant to the decision of its BoD dated on 29 August 2017, to make use of the abovementioned ability provided for in the new legislative framework (article 80 of Law 4484/2017) and to proceed to the redemption of the full amount of outstanding preference shares, in consideration for Tier II capital instruments of the same value. In this context, the Bank decided to submit a request to:

(a) the ECB/SSM for the purpose of (i) obtaining permission to reduce the own funds of the Bank as a result of redemption of preference shares of an aggregate nominal value of € 950,125,000, in accordance with article 77 et seq. of Regulation 575 and (ii) qualifying the subordinated notes issuable by the Bank as Tier II capital instruments, in accordance with article 63 et seq. of Regulation 575; and

(b) the Minister of Finance for the redemption of the preference shares in consideration for subordinated notes having an aggregate nominal value of € 950,125,000 issuable by the Bank, which constitutes Tier II capital instruments, in accordance with article 80 of Law 4884/2017. In case the Minister of Finance approves the Bank's request, the General Assembly will convene to resolve on the redemption of the preference shares, the cancellation of the titles of the preference shares and the amendment of the relevant articles of the Bank's Articles of Association referring to the shares and the share capital.

## 24. Hybrid capital

The outstanding amount of hybrid capital issued by the Bank, in the form of preferred securities, through its Special Purpose Entity, ERB Hellas Funding Limited, as at 30 June 2017 is analyzed as follows:

| | Series A € million | Series B € million | Series C € million | Series D € million | Total € million |
|---|---|---|---|---|---|
| **Balance at 30 June 2017** | **2** | **4** | **18** | **19** | **43** |

All obligations of the issuer, in respect of the aforementioned issues of preferred securities, are guaranteed on a subordinated basis by the Bank. The analytical terms of each issue along with the rates and/or the basis of calculation of preferred dividends are available at the Bank's website. The preferred dividends must be declared and paid if the Bank declares a dividend. For the period ended 30 June 2017 and in 2016, the Bank did not distribute any dividend. Accordingly, ERB Hellas Funding Ltd announced the non payment of the non cumulative preferred dividend of the above series of preferred securities.

## 25. Fair value of financial assets and liabilities

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

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

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

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

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

**Financial instruments carried at fair value**

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

| | 30 June 2017 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | € million | € million | € million | € million |
| Financial assets measured at fair value: | | | | |
| Financial instruments held for trading | 5 | 2 | 1 | 8 |
| Derivative financial instruments | 0 | 1,696 | 2 | 1,698 |
| Available-for-sale investment securities | 3,864 | 0 | 43 | 3,907 |
| **Total financial assets** | 3,869 | 1,698 | 46 | 5,613 |
| Financial liabilities measured at fair value: | | | | |
| Derivative financial instruments | 0 | 2,069 | - | 2,069 |
| Due to customers: | | | | |
| - Structured deposits | - | 4 | - | 4 |
| Trading liabilities | 2 | - | - | 2 |
| **Total financial liabilities** | 2 | 2,073 | - | 2,075 |

| | 31 December 2016 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | € million | € million | € million | € million |
| Financial assets measured at fair value: | | | | |
| Financial instruments held for trading | 6 | 1 | 1 | 8 |
| Derivative financial instruments | 0 | 1,983 | 2 | 1,985 |
| Available-for-sale investment securities | 2,746 | 0 | 45 | 2,791 |
| Total financial assets | 2,752 | 1,984 | 48 | 4,784 |
| Financial liabilities measured at fair value: | | | | |
| Derivative financial instruments | 0 | 2,448 | - | 2,448 |
| Due to customers: | | | | |
| - Structured deposits | - | 4 | - | 4 |
| Trading liabilities | 3 | - | - | 3 |
| Total financial liabilities | 3 | 2,452 | - | 2,455 |

The Bank recognizes transfers into and out of the fair value hierarchy levels at the beginning of the quarter in which a financial instrument's transfer was effected. There were no transfers between Level 1 and 2 and vice versa, as well as, no changes in valuation techniques used, during the period ended 30 June 2017.

Reconciliation of Level 3 fair value measurements

| | 30 June 2017 € million |
|---|---|
| **Balance at 1 January** | **48** |
| Transfers into Level 3 | **0** |
| Transfers out of Level 3 | **(0)** |
| Additions, net of disposals and redemptions | **(1)** |
| Total gain/(loss) for the period included in profit or loss | **(0)** |
| Total gain/(loss) for the period included in other comprehensive income | **0** |
| Foreign exchange differences and other | **(1)** |
| **Balance at 30 June** | **46** |

Bank's valuation processes and techniques

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

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

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

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

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

For debt securities issued by the Bank and designated at FVTPL, fair values are determined by discounting the expected cash flows at a risk-adjusted rate, where the Bank's own credit risk is determined using inputs indirectly observable, i.e. quoted prices of similar securities issued by the Bank or other Greek issuers.

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

**Financial instruments not carried at fair value**

The following table presents the carrying amounts and fair values of financial assets and liabilities which are not carried at fair value on the balance sheet:

| | 30 June 2017 | |
|---|---|---|
| | Carrying amount € million | Fair value € million |
| Loans and advances to customers | **31,477** | **31,390** |
| Investment securities | | |
| - Debt securities lending portfolio | **5,751** | **5,274** |
| - Held-to-maturity investment securities | **117** | **109** |
| **Total financial assets** | **37,345** | **36,773** |
| Debt securities in issue held by third party investors (note 20) | - | - |
| **Total financial liabilities** | - | - |

| | 31 December 2016 | |
|---|---|---|
| | Carrying amount € million | Fair value € million |
| Loans and advances to customers | 31,908 | 31,970 |
| Investment securities | | |
| - Debt securities lending portfolio | 8,094 | 7,623 |
| - Held-to-maturity investment securities | 126 | 117 |
| Total financial assets | 40,128 | 39,710 |
| Debt securities in issue held by third party investors | 43 | 36 |
| Total financial liabilities | 43 | 36 |

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

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

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

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

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

## 26. Cash and cash equivalents and other information on Interim Cash Flow Statement

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

| | 30 June 2017 € million | 31 December 2016 € million |
|---|---|---|
| Cash and balances with central banks (excluding mandatory and collateral deposits with central banks) | **340** | 345 |
| Due from credit institutions | **70** | 109 |
| **Total** | **410** | 454 |

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

| | 30 June 2017 € million | 30 June 2016 € million |
|---|---|---|
| Amortisation of premiums/discounts and accrued interest | **(14)** | (10) |
| (Gains)/losses from investment securities | **(33)** | (51) |
| **Total** | **(47)** | (61) |

For the period ended 30 June 2016, other adjustments on profit before income tax included a gain of € 55 million related to the acquisition of the Alpha Bank's Branch in Bulgaria by Eurobank Bulgaria A.D. (Postbank) (note 15).

## 27. Contingent liabilities and other commitments

Credit related commitments are analyzed as follows:

| | 30 June 2017 € million | 31 December 2016 € million |
|---|---|---|
| Guarantees [(1)] and standby letters of credit | **1,043** | 832 |
| Guarantees to Bank's SPV's issuing EMTNs | **112** | 121 |
| Other guarantees (medium risk) and documentary credits | **378** | 383 |
| Commitments to extend credit | **125** | 102 |
| **Total** | **1,658** | 1,438 |

[(1)] *Guarantees that carry the same credit risk as loans.*

### Legal Proceedings

As at 30 June 2017 there were a number of legal proceedings outstanding against the Bank for which a provision of € 54 million was recorded (31 December 2016: € 55 million), as set out in note 21. The said amount includes € 40 million for the outstanding litigations with DEMCO S.A., which is related to the acquisition of New TT Hellenic Postbank S.A. in 2013.

Furthermore, the Bank is involved in a number of legal proceedings, in the normal course of business, which may be in early stages, their settlement may take years before they are resolved or their final outcome may be considered uncertain.

For such cases, after considering the opinion of Legal Services General Division, Management does not expect that there will be an outflow of resources and therefore no provision is recognized.

Against the Bank various remedies have been filed in the form of lawsuits, applications for injunction measures and motions to vacate payment orders in relation to the contractual clauses of mortgage loans granted by the Bank in Swiss Francs (CHF) and the conditions under which the loans were granted. A class action has also been filed. From a Courts view point it may be sustained that the issue is presently found at a premature stage, considering that a substantial number of first instance Courts judgments has been issued, the majority of which are in favor of the Bank. Furthermore, there are six appellate Courts judgments in cases concerning the Bank, which have been in favor of the validity of the loans. To date no judgment of the Areios Pagos, being the supreme civil Court, has been passed. On the class action a judgment was issued which accepted it, the Bank, though, has already filed an appeal against the first instance judgment scheduled to be heard in September 2017. In relation to the individual lawsuits the majority of the judgments issued are in favor of the Bank.

The Management of the Bank is closely monitoring any developments to the relevant cases to determine potential accounting implications in accordance with the Bank's accounting policies.

## 28. Post balance sheet events

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

Note 2-Principal accounting policies
Note 6-Capital management
Note 12-Discontinued operations
Note 14-Investment securities
Note 15-Shares in subsidiary undertakings
Note 17-Due to central banks
Note 20-Debt securities in issue
Note 23-Preference shares
Note 30-Board of Directors

## 29. Related parties

In November 2015, following the completion of the Bank's share capital increase, fully covered by investors, institutional and others the percentage of the Bank's ordinary shares with voting rights held by the HFSF decreased from 35.41% to 2.38%.

Despite the aforementioned significant decrease of its percentage, the HFSF is still considered to have significant influence over the Bank. In particular, in the context of the Law 3864/2010, as in force, HFSF exercises its voting rights in the Bank's General Assembly only for decisions concerning the amendment of the Bank's Articles of Association, including the increase or decrease of the Bank's capital or the granting of a corresponding authorization to the Bank's Board, decisions concerning the mergers, divisions, conversions, revivals, extension of duration or dissolution of the Bank, the transfer of assets (including the sale of subsidiaries), or any other issue requiring approval by an increased majority as provided for in Company Law 2190/1920. In addition, the Bank has entered into a new Relationship Framework Agreement (RFA) with the HFSF on 4 December 2015 replacing the previous one, signed on 26 August 2014, which regulates, among others, (a) the Bank's corporate governance, (b) the restructuring plan and its monitoring, (c) the monitoring of the implementation of the Bank's Non-Performing Loans (NPLs) management framework and of the Bank's performance on NPLs resolution, (d) the Material Obligations and the switch to full voting rights, (e) the monitoring of the Bank's actual risk profile against the approved Risk and Capital Strategy, (f) the HFSF's prior written consent for the Bank's Group Risk and Capital Strategy and for the Bank's Group Strategy, Policy and Governance regarding the management of its arrears and non-performing loans and any amendment, extension, revision or deviation thereof, and (g) the duties, rights and obligations of HFSF's Representative in the Bank's Board.

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

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

| | 30 June 2017 | | | 31 December 2016 | | |
|---|---|---|---|---|---|---|
| | Subsidiaries [2] € million | KMP [1] and entities controlled or jointly controlled by KMP € million | Associates and joint ventures € million | Subsidiaries [2] € million | KMP [1] and entities controlled or jointly controlled by KMP € million | Associates and joint ventures [3] € million |
| Due from credit institutions | **1,341.46** | **-** | **-** | 1,521.76 | - | - |
| Financial instruments at fair value through profit and loss | **1.73** | **-** | **-** | 1.03 | - | - |
| Derivative financial instruments assets | **23.33** | **-** | **0.02** | 7.00 | - | - |
| Investment securities | **0.12** | **-** | **-** | 1.70 | - | - |
| Loans and advances to customers, net of provision | **1,497.59** | **6.92** | **6.35** | 1,501.24 | 7.12 | 5.67 |
| Other assets | **5.64** | **-** | **2.62** | 8.12 | - | 6.08 |
| Due to credit institutions | **3,699.66** | **-** | **-** | 3,658.26 | - | - |
| Derivative financial instruments liabilities | **1.22** | **-** | **-** | 10.09 | - | - |
| Due to customers | **350.87** | **2.30** | **46.38** | 336.01 | 2.29 | 99.73 |
| Debt securities in issue | **6.57** | **-** | **-** | 16.29 | - | - |
| Other liabilities | **8.72** | **-** | **4.16** | 14.89 | - | 2.97 |
| Guarantees issued | **493.32** | **-** | **0.04** | 394.21 | - | - |
| Guarantees received | **-** | **0.04** | **-** | - | 0.05 | - |
| | **Six months ended 30 June 2017** | | | Six months ended 30 June 2016 | | |
| Net interest income | **1.29** | **0.02** | **(0.33)** | 11.91 | 0.02 | (0.04) |
| Net banking fee and commission income | **2.14** | **-** | **3.32** | 4.37 | - | - |
| Dividend income | **3.77** | **-** | **7.83** | 40.00 | - | - |
| Net trading income | **(1.34)** | **-** | **0.02** | 3.40 | - | - |
| Other operating income/(expenses) | **(6.28)** | **-** | **(6.34)** | (12.83) | - | - |
| Impairment losses on loans and advances and collectors' fees | **(6.27)** | **-** | **(0.87)** | (8.89) | - | (0.01) |

*[1] Includes the key management personnel of the Bank and their close family members.*
*[2] Equity contributions and other transactions with subsidiaries are presented in notes 15 and 13 respectively.*
*[3] As of 4 August 2016, Eurolife insurance group has been accounted for as an associate.*

For the period ended 30 June 2017, there were no material transactions with the HFSF.

In addition, as at 30 June 2017 the loans, net of provisions, granted to entities controlled by the Bank pursuant to the terms of the relevant share pledge agreements (note 15) amounted to € 4.7 million (31 December 2016: € 5.3 million).

As at 30 June 2017, the impairment allowance for loans and receivables with the Bank's consolidated subsidiaries, associates and joint ventures amounted to € 197 million (31 December 2016: € 209 million).

In relation to the guarantees issued, the Bank has received cash collateral of € 62 million as at 30 June 2017 (31 December 2016: € 60 million), which is included in Due to customers.

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

Key management personnel are entitled to compensation in the form of short-term employee benefits of € 2.60 million (30 June 2016: € 2.04 million) and long-term employee benefits (excluding share-based payments) of € 0.35 million (30 June 2016: € 0.25 million). In addition, the Bank has formed a defined benefit obligation for the KMP amounting to € 0.85 million as at 30 June 2017 (31 December 2016: € 0.81 million), while the respective cost for the period amounts to € 0.03 million (30 June 2016: € 0.03 million).

## 30. Board of Directors

The Board of Directors (BoD) was elected by the Annual General Meeting held on 27 June 2013 for a three years term of office. Its term of office, following the resolution of the Bank's Annual General Meeting held on 26 June 2015, expires on 27 June 2018 and in any case until the date the Bank's Annual General Meeting for the year 2018 will take place.

On 26 October 2016, the Bank's Board appointed Mr. George E. Myhal as new independent non-executive member of the Board, in replacement of the resigned on the same day independent non-executive member Mr. Jon Steven B.G. Haick, for an equal term to the remaining term of the resigned member, while on 12 January 2017, the BoD appointed Mr. Richard P. Boucher as new independent non-executive Board member in replacement of the resigned on 3 November 2016 independent non-executive member Mr. Spyridon Lorentziadis, for an equal term to the remaining term of the resigned member. The appointment of the two new Board members was announced to the General Meeting of the Shareholders of the Bank which took place on 16 June 2017 and their term of office will expire concurrently with the term of office of the other members of the BoD.

Mr. Wade Sebastian Burton non-executive member of the BoD of the Bank submitted his resignation from the BoD effective as of 5 April 2017. On 14 July 2017 the Bank announced that Ms. Androniki Boumi has been appointed as representative of the Greek State to the Bank's Board according to the provisions of L.3723/2008, in replacement of Ms. Christina Andreou who informed the Bank on her resignation on 26 May 2017.

Following the above, the BoD is as follows:

| | |
|---|---|
| N. Karamouzis | Chairman, Non-Executive |
| F. Karavias | Chief Executive Officer |
| S. Ioannou | Deputy Chief Executive Officer |
| T. Kalantonis | Deputy Chief Executive Officer |
| G. Chryssikos | Non-Executive |
| R. Boucher | Non-Executive Independent |
| G. Myhal | Non-Executive Independent |
| B. P. Martin | Non-Executive Independent |
| S. Johnson | Non-Executive Independent |
| J. Mirza | Non-Executive Independent |
| L. Reichlin | Non-Executive Independent |
| A. Boumi | Non-Executive (Greek State representative under Law 3723/2008) |
| K. H. Prince - Wright | Non-Executive (HFSF representative under Law 3864/2010) |

Athens, 29 August 2017

| | | |
|---|---|---|
| **Nikolaos V. Karamouzis** | **Fokion C. Karavias** | **Harris V. Kokologiannis** |
| I.D. No AB - 336562 | I.D. No AI - 677962 | I.D. No AK - 021124 |
| CHAIRMAN OF THE BOARD OF DIRECTORS | CHIEF EXECUTIVE OFFICER | GENERAL MANAGER OF GROUP FINANCE GROUP CHIEF FINANCIAL OFFICER |

## *VI. Provision information of Group Eurobank Ergasias S.A. for the period 01.01-30.06.2017 pursuant to article 6 of l. 4374/2016*

| INFORMATION GROUP EUROBANK ERGASIAS S.A<br>1.1-30.6.2017 PURSUANT TO ARTICLE 6 OF L.4374 / 2016 |
|---|

| PAYMENTS ON CONSOLIDATED BASIS PURSUANT TO PARAGRAPH 1 OF ARTICLE 6 OF L.4374 / 2016 |
|---|

| LEGAL ENTITY / NAME OF INDIVIDUAL | AMOUNTS (pre taxes and charges) |
|---|---|
| 1984 PRODUCTIONS S.A | 8,700.00 |
| 24 MEDIA S.L.T.D | 7,180.80 |
| A. VLACHOS & CO GENERAL PARTNERSHIP- RADIO ARGOSTOLI | 309.60 |
| A.AVGOULI-G.GIAOURDIMOS & CO LIMITED PARTNERSHIP | 1,188.00 |
| A.GKATZIOS. -M.K.DANOS-M.PETROPOULOS LTD- ANAGNOSTIS PELOPONISSOU | 1,536.00 |
| A.MIKONIATIS PUBLICATIONS S.A. | 5,665.00 |
| A.S.M. PUBLICATIONS P.C. | 7,523.02 |
| ADWEB LTD | 4,000.00 |
| AFOI APOSTOLOU GENERAL PARTNERSHIP - LOUTRAKI FM | 1,269.40 |
| AGRO BROKERS LTD | 1,500.00 |
| AGROTYPOS S.A. | 2,950.00 |
| AKRITES ANONUMOUS TELEVISON COMPANY S.A. | 580.00 |
| AKROASSIS NISON IONIOU PRIVATE COMPANY | 180.00 |
| ALEVRITIS TRIFON SLPC | 2,400.00 |
| ALEXANDROUPOLI FREE RADIO TELEVISION S.A. | 931.00 |
| ALITHIA PUBLICATIONS LTD | 1,600.00 |
| ALPHA NEWS DRAMAS SINGLE MEMBERED PRIVATE COMPANY | 330.00 |
| ALPHA RADIO SA | 28,068.81 |
| ALPHA SATELLITE TELEVISION SA | 260,063.18 |
| AMVROSIOU G. SINGLE MEMBERED LIMITED LIABILITY COMPANY - I ALITHIA | 1,956.00 |
| ANASTASIOS D. SKARAMAGKAS | 520.00 |
| ANEZAKIS EMMANOUIL | 1,087.64 |
| ANNA MARIA TZOLEKA | 464.00 |
| ANNA NIKOLOPOULOU & CO E.E. | 2,500.00 |
| ANTENNA TV S.A. | 180,727.17 |
| ANTONIOS MOUNTAKIS TOU KONSTANTINOU | 2,970.00 |
| ARABATZIS ALEX DIMITRIOS | 975.00 |
| ARAMPATZIS GEORGIOS | 638.00 |
| ARETI-ANNA E. TZALA & CO LTD PARTNERSHIP- EPIROTIKOS AGON | 1,800.00 |
| ARGIROPOULOU POLIXENI | 1,015.00 |
| ASLANIDIS ANASTASIOS GEORGIOS THESTIVAL MEDIA | 1,000.00 |
| ATHANASIOU DAMIANOS | 1,680.00 |
| ATHANASSIOS L. REPAKIS | 540.00 |
| ATHANASSIOU EVANGELOS & CO GENERAL PARTNERSHIP | 2,000.00 |
| ATHENS VOICE PUBLISHING & ADVERTISING SA | 9,600.00 |
| ATTIKES EKDOSEIS PUBLISHING SA | 50.00 |
| AXAOPOULOS IAKOVOS | 520.00 |
| BAKI DIM. DIMITRA | 516.00 |
| BAVELAS E. THEODOROS | 980.00 |
| BECHLIVANOS I. CHRISTOS | 3,000.00 |
| BIOGROUP SINGLE MEMBERED LIMITED LIABILITY COMPANY - MATS ADVERTISING | 5,216.64 |
| BOULEVARD FREE PRESS PC | 1,500.00 |
| BOUSIAS COMMUNICATIONS LTD | 27,556.03 |
| BOUTHAS PETR. KONSTANTINOS | 1,800.00 |
| BROADCASTING PROMOTION S.A. SPORT TV | 8,568.05 |
| BUSINESS ORGANIZATION INTERNATIONAL SERVICES SA ALFA TELEVISION | 10,256.81 |
| CAPITAL.GR SERVICES PRINTED AND ELECTRONIC INFORMATION S.A. | 62,499.99 |
| CHANIOTIKA NEA PUBLISHING PRINTING S.A. | 5,600.00 |
| CHATZIS NIKOLAOS & CO GP | 13,200.00 |
| CHRISI EFKERIA EDITIONS S.A. | 8,869.00 |
| CHRISSOULA CHRISTINA CHONDROGIANNI | 1,098.00 |
| CHRISTOS ATHANASSIADIS | 1,026.00 |
| CHRISTOS DIMITRIADIS & CO GENERAL PARTNESHIP - TIPOEKDOTIKI EDESSIS | 2,500.00 |
| COSMOS BROADCASTING TELECOMMUNICATIONS PUBLISHING COMMERSIAL SA | 4,738.95 |
| COSMOS LTD | 2,400.00 |
| CREATIVE INTERNET SERVICES SINGLE MEMBERED LTD | 3,600.00 |
| CRETALIVE SINGLE MEMBERED LIMITED LIABILITY COMPANY | 2,000.00 |
| CRETAPOST PRIVATE COMPANY | 1,000.00 |
| CYCLADES RADIO & ADVERTISING LIMITED PARTNERSHIP - MESOGEIOS STO KOKKINO 105,4 FM | 516.00 |
| D A SOCIETE ANONYME COMMERCIAL PUBLISHING COMPANY | 15,000.00 |

| | |
|---|---|
| D.G. NEWSAGENCY S.A. | 13,333.32 |
| DANILOUDIS N. DIMITRIOS | 444.01 |
| DELTA TELEVISION S.A. | 796.50 |
| DEMOCRATIC PRESS NEWS PUBLISHING TRADE S.A. | 38,700.00 |
| DENAXAS IOANNIS - EMPNEUSI 107 FM | 412.80 |
| DESMI PUBLISHING SA | 19,250.00 |
| DIAFONIDOU ELENI | 1,275.00 |
| DIFONO RADIOPHONIC OPERATIONS S.A. - Pepper 96.6 | 2,822.40 |
| DIMITRIOS TOLIS SINGLE MEMBERED PRIVATE COMPANY - LOCAL NEWS | 2,900.00 |
| DIMITROMANOLAKIS GEORGIOS | 4,000.00 |
| DIO DEKA EKDOTIKI S.A. | 4,500.00 |
| DIONATOS AND Co. L.P DELTA PRESS | 6,000.00 |
| DIONISIOS VAROUXIS & CO GENERAL PARTNERSHIP- MULTI PRODUCTIONS | 600.00 |
| DITIONE LIMITED INTERNET BUSINESS | 3,500.00 |
| DOCUMENTO MEDIA SINGLE MEMBERED P.C. | 15,000.00 |
| DOT COM NEWS SA | 461,101.30 |
| DOUSIS ANASTASIOS & CO LP | 13,000.00 |
| DPG DIGITAL MEDIA S.A | 12,086.99 |
| E. LASKARAKIS & CO - GNOMI | 999.00 |
| ELEFTERIA PUBLISHING S.A. | 8,370.00 |
| ELEFTERIADIS EVANGELOS | 300.00 |
| ELEFTHERIA MAKENATZI NOMIDI & CO LIMITED LIABILITY PARTNERSHIP | 702.00 |
| ELEFTHERIA TOU TIPOU PUBLISHING S.A. | 15,000.00 |
| ELETHERIA LARISSA NEWS ORGANISATION S.A. | 4,536.00 |
| EMMANOUIL G. KALLIGERIS | 463.97 |
| ENERGY MEDIA GROUP PRIVATE COMPANY | 182.00 |
| ENIKOS S.A | 19,000.00 |
| ENTYPOEKDOTIKI INDUSTRIAL AND COMMERCIAL S.A. | 2,500.00 |
| EPENDISI PUBLICATIONS S.A. | 2,320.00 |
| EPIKOINONIA AIGAIOU S.A. | 3,168.00 |
| EPIRUS RADIOBROADCASTING ENTERPRISES S.A. - EPIRUS TV1 | 1,615.00 |
| ERMIS RADIOTELEVISION & PUBLISHING S.A. | 1,700.00 |
| ESTIA NEWSPAPER C.S.A | 17,000.00 |
| ETHNOS PUBLISHING S.A. | 91,700.00 |
| ETHOS MEDIA S.A. | 1,556.60 |
| EUROPE ONE TELEVISION S.A. | 337.50 |
| EXPLORER E.U.M.M. | 48,137.80 |
| FAIDON GEORGIOS I. IOANNIDIS | 1,170.00 |
| FANOYRAKIS ELEFTHERIOS | 514.80 |
| FAROSNET EXPLOITATION OF INTERNET MEDIA AND COMMUNICATION S.A. | 7,180.80 |
| FELNIKOS ELECTRONIC MEDIA S.M. L.T.D. | 11,400.00 |
| FILIKI COMMUNICATIONS LTD | 645.00 |
| FINANCIAL MARKETS VOICE  PUBLISHING COMPANY LIMITED | 1,000.00 |
| FINANCIAL PRESS P.C | 2,400.00 |
| FLY RADIOTELEVISION ENTERPRISES CIVIL COMPANY | 580.00 |
| FORTHNET MEDIA S.A | 26,555.64 |
| FOX NETWORKS GROUP S.A. | 3,291.20 |
| FREE SUNDAY LP | 14,000.00 |
| FREENET S.A | 4,500.00 |
| FRONTSTAGE ENTERTAINMENT S.A. | 8,395.20 |
| G.ALEXIOUS & CO S.A. | 3,456.00 |
| GALANOMATIS GAVR. GEORGIOS | 1,596.00 |
| GARANTONAKIS EMMANOUIL | 240.00 |
| GENERAL RADIOTELEVISON ENTERPRISES SA | 8,623.71 |
| GEORGIOS SKOUFOS SUCCESSORS- O DIMOKRATIS | 1,110.00 |
| GNOMI M. LTD | 3,300.00 |
| GRAFOTECHNIKI KRITIS S.A | 4,014.72 |
| GREEN BOX PUBLISHING S.A. | 4,900.00 |
| HELLENIC CHAMBER OF COMMERCE DEVELOPMENT UNION  OMIROS IR&S CUCG | 1,500.00 |
| HELLENIC TELECOMMUNICATION ORGANIZATION SA | 31,773.56 |
| I AVGI - PUBLISHING AND JOURNALISTIC ORGANIZATION S.A. | 18,529.04 |
| I NAFTEMPORIKI - PANOS ATHANASIADIS & CO, S.A | 34,800.00 |
| ICHOS & RITHMOS S.A. | 3,957.50 |
| IDENTITY MEDIA S.A. | 1,800.00 |
| IKAROS RADIOTELEVISION COMPANY SA | 31,561.50 |
| ILIAS P. KOTSALIS | 464.40 |
| IMERISIA COMMERCIAL SA | 10,000.00 |
| INDEPENDENT MEDIA S.A. | 25,500.00 |
| INTERNATIONAL EXHIBITION OF THESSALONIKI SA | 187.20 |
| INTERNET SOLUTIONS LIMITED PARTNERSHIP | 520.00 |

| | |
|---|---|
| IOANNINA TV S.A. | 836.00 |
| IOANNIS KYRIAKOPOULOS & CO LP | 3,000.00 |
| IOANNIS MALAMADAKIS SUCCESSORS- DIMOKRATIS | 2,220.00 |
| K.RAKINTZIS & CO GENERAL PARTNERSHIP | 425.88 |
| K.STEFANOU-G.STEFANOU GENERAL PARTNERSHIP | 442.00 |
| KALAITZAKIS PUBLISHING COMPANY SA | 3,324.90 |
| KALATZIS CHRISTOS | 2,898.00 |
| KAMBIOTIS SPIROS & CO GENERAL PARTNERSHIP | 1,800.00 |
| KANDARTZOGLOU STILIANI | 3,883.50 |
| KANELLOS DIMITRIOS | 1,154.00 |
| KARDIA KRITIS SINGLE MEMBERED PRIVATE COMPANY | 2,155.50 |
| KARDITSA INFORMATION S.A. | 1,055.00 |
| KASMIRLIS DIMITRIOS | 400.00 |
| KATHIMERINES PUBLICATIONS S.A. | 98,494.55 |
| KATOPODI ARGIRI | 260.00 |
| KATSANTOULAS DIMITRIOS | 232.00 |
| KEFIS PANTELIS | 280.00 |
| KIKLOS COMMERCIAL & PUBLISHING S.A. | 4,000.00 |
| KIMPOUROPOULOS IOANNIS | 980.00 |
| KIPRIOTIS STYL. KONSTANTINOS | 464.40 |
| KOKKINOU ELENI & CO LIMITED PARTNERSHIP - I FONI TIS KORINTHIAS | 859.56 |
| KONDILI MEDIA ORGANISATION S.A. - ELEFTHERI THRAKI | 1,316.00 |
| KONTIZA SERAFIMOULA | 387.00 |
| KONTRA MEDIA SA | 12,457.92 |
| KOSTAS I.MALAPETSAS | 1,700.00 |
| KOTROTSOS SERAPHIM PAUL | 4,250.00 |
| KOULA SANDY LADIKOU | 516.00 |
| KOUTSOLIONDOU I.&E. GENERAL PARTNERSHIP -O PROINOS LOGOS TIS DEFTERAS | 2,430.00 |
| KOZIRIS KAL.&MICH. GENERAL PARTNERSHIP | 2,775.00 |
| KTENAS EVANGELOS | 309.60 |
| LABRAKI JOURNALISTIC ORGANIZATION S.A | 97,400.00 |
| LADAS DIMITRIOS | 516.00 |
| LAMIAKOS TYPOS S.A. | 1,230.00 |
| LAOUTARIS KLON SINGLE MEMBERED LIMITED LIABILITY COMPANY | 1,000.00 |
| LEAD GENERATION S.A | 1,050.00 |
| LEFAS ALEXIOS | 516.00 |
| LEFT MEDIA ANONYMOUS RADIO-TELEVISION S.A. | 13,250.66 |
| LEMAS EVANGELOS | 850.00 |
| LEMNOS CULTURAL EDUCATIONAL ATHLETIC ASSOCIATION | 309.60 |
| LEOTSAKOS P.& CO G.P. | 31,700.00 |
| LEOUSI AIKATERINI | 1,500.00 |
| LINKWISE P.C | 1,000.00 |
| LIQUID MEDIA S.A. | 6,200.00 |
| LOIZOS KL. LOIZOS | 516.00 |
| M.TSAROUCHAS & CO S.A. - PROINOS LOGOS | 2,500.00 |
| MAKEDONIKI PUBLISHING PRINTING SA | 4,000.00 |
| MANESIOTIS NIKOLAOS-PSOMIADIS KONSTANTINOS G.P. | 7,200.00 |
| MANIOS ATHANASIOS | 516.00 |
| MARIA KAMMI | 260.00 |
| MARIA VASILAKI PUBLISHING BUSINESS SINGLE MEMBERED LTD | 2,000.00 |
| MARKOU S. STEFANOS | 500.00 |
| MATHIOUDAKIS MEDIA S.A. | 1,350.00 |
| MAZOKOPAKIS SPIRIDON | 387.00 |
| ME.D.EP.PEP. SINGLE MEMBERED PRIVATE COMPANY | 516.00 |
| MEDIA2DAY PUBLISHING S.A. | 80,059.03 |
| MEDIHOLD PUBLISHING ADVERTISING S.A. | 550.00 |
| MELODIA S.A. | 9,156.98 |
| MESOGEOS SA | 627.00 |
| MESSINIAKI RADIO TELEVISION S.A. | 835.85 |
| METAMEDIA SINGLE MEMBERED PRIVATE COMPANY | 3,000.00 |
| METHIMAKIS EMMANOUIL | 1,105.00 |
| METRODEAL SINGLE MEMBERED PRIVATE COMPANY | 1,123.20 |
| METROMEDIA AE GREEN SPORTS AE | 241.94 |
| METRON ARISTON SINGLE MEMBERED LIMITED LIABILITY COMPANY - FLASHNEWS.GR | 1,400.00 |
| MICHAIL MAROULIS GENERAL PARTNERSHIP | 645.00 |
| MICHALAKIS A PANAGIOTIS | 19,500.00 |
| MICHALIS SVARNIAS SINGLE MEMBERED PRIVATE COMPANY | 260.00 |
| MINISTRY OF CITIZEN PROTECTION | 3,348.00 |
| MOUSIKES SYCHNOTITES SINGLE MEMBERED LIMITED LIABILITY COMPANY - ENERGY 88,3 FM | 797.50 |
| MUNICIPAL RADIO CORPORATION ATHENA | 10,500.00 |

| | |
|---|---|
| MUNICIPAL TV CORPORATION OF MUNICIPALITY OF ASPROPIRGOS | 264.00 |
| N. KATSARAKIAS & CO LTD PARTNERSHIP- O POLITIS | 1,100.00 |
| N.K MEDIA GROUP EK.LTD | 19,499.98 |
| N.S.K. PUBLISHING LLC | 3,432.00 |
| NAOUSSA VOICE GENERAL PARTNERSHIP | 1,938.00 |
| NEA TELEORASI SA | 213,405.81 |
| NEO CHRIMA PUBLISHING S.A. | 40,000.00 |
| NEW MEDIA NETWORK SYNAPSIS S.A. | 53,200.00 |
| NEWPOST PRIVATE COMPANY | 12,000.00 |
| NEWSIT L.T.D | 41,975.00 |
| NEWSMEDIA L.P | 3,500.00 |
| NIKOLAOS A. VRELLIS | 645.00 |
| NK HOLDING P.C PUBLISHING HOLDING COMPANY | 9,799.98 |
| OLYMPIC RADIO TELEVISION S.A. - ORT | 665.00 |
| P.D.PUBLICATIONS L.T.D | 5,664.00 |
| P/KOUTSOUKOS-A.MPOUSTRAS SOCIÉTÉ ANONYME | 10,100.00 |
| PAGRITIA RADIOTELEVISION S.A. - TV CRETA | 2,199.10 |
| PALO DIGITAL TECHNOLOGIES L.T.D. | 10,565.03 |
| PANAGIOTOPOULOS CHRISTOS AND CO G.P. | 3,000.00 |
| PANIPIROTIKI TELEVISION S.A. - VIMA TV | 874.00 |
| PAPPIS VASILEIOS | 516.00 |
| PARAENA L.T.D PUBLISHING - INTERNET SERVICES | 70,000.00 |
| PARAPOLITIKA EDITIONS S.A. | 63,280.00 |
| PATSIKAS PUBLICATIONS LIMITED PARTNERSHIP-DIMOSIOGRAFIKI VEROIA EE | 2,072.00 |
| PELOPONNESE PATRON EDITIONS S.A. | 4,900.00 |
| PHILELEFTHEROS PUBLISHING S.A. | 36,290.32 |
| PLAISIO S.A. | 1,125.00 |
| POLITI -SIAFAKA MARIELIZE-VASILIKI INTERNET SERVICES | 4,700.00 |
| PREMIUM S.A. | 24,000.00 |
| PRIME APPLICATIONS S.A. | 18,000.00 |
| PRINTING MEDIA PUBLICATION OF THESSALY -EREVNA S.A. | 2,250.00 |
| PROTAGKON S.A. | 18,000.00 |
| PROTI PUBLISHING S.A. - I PROTI TIS ILIAS | 2,508.00 |
| PROTO THEMA PUBLISHING S.A. | 166,900.00 |
| PROVOLI SALES PROMOTION S.A. | 1,600.00 |
| PUBLICATIONS ALEXANDROS LTD | 1,500.00 |
| PUBLISHING ADVERTISING SA-JOURNAL-PLANET | 1,300.00 |
| RADIO BROADCASTING COMPANIES MITILINIS S.A. | 378.00 |
| RADIO BROADCASTING SA | 32,040.99 |
| RADIO BUSINESS REAL FM | 61,960.00 |
| RADIO COMMUNICATION S.A. | 4,032.00 |
| RADIO SAMOS LIMITED PARTNERSHIP | 300.00 |
| RADIO THESSALONIKI SA | 1,310.40 |
| RADIO ZIGOS LIMITED PARTNERSHIP | 797.94 |
| RADIOTELECOMMUNICATION ENTERPISES - ASTRA S.A. | 607.00 |
| RADIOTELEVISION ENTERPRISES-ANTENNA SA | 2,822.40 |
| RADIOTELEVISION SA ART STUDIOS - KANALI 6 | 760.00 |
| RADIOTELEVISION SINGLE MEMBERED COMPANY LIMITED | 638.00 |
| RADIOTELEVISION TOURIST ENTERPRISES-IRIDA SA | 784.00 |
| REAL MEDIA S.A | 28,400.00 |
| REPORT PRIVATE COMPANY P.C | 4,250.00 |
| RETHIMNO TELEVISION S.A. | 1,045.00 |
| RIGA BROS S.A. - PROINI SA | 2,400.00 |
| ROCK 96.9 FM - AIRLINK S.A. | 6,868.80 |
| S PAVLOPOULOS SOCIALDIGITALINFORMATION  ADVERTISING OTHER ELECTRONIC SERVICES | 4,000.00 |
| S. PATINIOTIS & CO GENERAL PARTNERSHIP | 150.00 |
| S. TSOPANAKI SONS - I. KOTIADIS GENERAL PARTNERSHIP - I RODIAKI | 3,195.00 |
| S.GAVRIILIDIS-TH.CHRISTAKIS GENERAL PARTNERSHIP - RADIO TOXOTIS 96,3 | 696.00 |
| S.RIZOPOULOS & CO LP | 12,500.00 |
| SABD PUBLISHING S.A | 48,400.00 |
| SARISA L.T.D. | 9,000.00 |
| SBC SINGLE MEMBERED PRIVATE COMPANY COMMUNICATION SERVICES | 9,545.00 |
| SBC TV TELEVISION ENTERPRISES S.A. | 517.00 |
| SELANA PUBLICATIONS AND MEDIA SA | 5,500.00 |
| SERRAIKA MEDIA CULTURE S.A. | 2,660.00 |
| SERRAIKES EKDOSEIS LIMITED PARTNERSHIP | 937.50 |
| SIDIROPOULOS ARGIRIS | 900.00 |
| SIRGANI PARASKEVI | 1,500.00 |
| SITIA TV RADIOBROADCASTING SERVICES S.A. | 72.00 |
| SKLAVOUNAKIS EMMANOUIL | 429.00 |

| | |
|---|---|
| SOCIAL COOPERATIVE ENTERPRISE | 1,600.00 |
| SOFIA OUZOUNIDOU | 520.00 |
| SOLARIS GEORGIOS | 468.00 |
| SPORTNEWS INTERNET SERVICES SA | 5,100.00 |
| SPYRIDON MASOYRIS TOY KONSTANTINOU | 792.00 |
| STAMOULIS PUBLICATIONS S.A. | 3,500.00 |
| STAR CHANNEL S.A. | 560.00 |
| STAVRIDOU STILIANI | 1,080.00 |
| STAVROS MATSIS | 1,500.00 |
| STELIOS THEODORIDIS | 417.60 |
| STOIKOS ST.& CO GENERAL PARTNERSHOP- LESVOS NEWS | 1,500.00 |
| SYROS-ERMOUPOLI MUNICIPALITY RADIOTELECOMMUNICATION ENTERPRISE | 464.40 |
| T LIFE LTD WEB APPLICATIONS | 5,000.00 |
| TEKMIRIOSI SINGLE MEMBERED LIMITED COMPANY | 2,900.00 |
| THARROS PUBLISHING LTD | 5,000.00 |
| THE NATIONAL HERALD OF NEW YORK MEME | 5,648.00 |
| THE TOC Digital Media News Services S.A | 12,000.00 |
| THEOFILOS MICHALATOS | 468.00 |
| THESSALIA TV S.A. | 1,330.00 |
| THESSALIKI RADIOTELEVISION SA | 12,863.93 |
| THESSALY MEDIA  SINGLE MEMBERED PRIVATE COMPANY | 600.00 |
| THETA COMMUNICATION LLC | 2,978.40 |
| THOMA ANTONIA "PRESS THESSALONIKI" | 4,880.40 |
| THOMA THEODORA | 2,898.00 |
| THRAKIKI SINGLE MEMBERED PRIVATE COMPANY | 999.00 |
| THRAKIKI-RADIOTILEOPTIKI S.A. - XANTHI CHANNEL | 760.00 |
| TODAYS WORLD PUBLICATION PUBLISHING BUSINESS SA | 1,000.00 |
| TRAPEZIKO VIMA NON PROFIT COMPANY | 1,350.00 |
| TRIANTAFILLOPOULOS GEORG. CHRISTOS | 1,000.00 |
| TSAGKARAKI NIK. MARIA | 514.80 |
| TSATSARONIS GEORG. CHRISTOS | 3,840.00 |
| TSIAKPINIS A. & CO GENERAL PARTNERSHIP | 250.00 |
| TSIGKELIS KONSTANTINOS | 567.60 |
| TSINIARAKIS MANOUSOS LIMITED PARTNERSHIP-RADIO POLIS FM | 1,276.00 |
| TSOUVALAKI AIKATERINI | 1,125.00 |
| TYPOKYKLADIKI PRINTING WORKS S.A. | 790.00 |
| TZEKAS P. CHARALAMBOS | 2,050.20 |
| V. SKOUTARAS S.A. | 6,903.90 |
| VAROUXIS K. ELETHERIOS AND SONS GENERAL PARTNERSHIP- PATRIS MEDIA ORGANISATION | 3,400.00 |
| VASSILIKI SKOULIKA | 780.00 |
| VAXEVANIS ANTONIOS & CO. E.E. | 3,300.00 |
| VIMA FM RADIO ENTERPRISES S.A. | 389.37 |
| VLACHOPOULOS K. STAVROS | 2,000.00 |
| WALL STREET FINANCE PRIVATE COMPANY | 3,600.00 |
| WAVE MEDIA OPERATIONS LTD | 1,500.00 |
| XATZAKIS A. PANAGIOTIS | 464.40 |
| ZACHARIOUDAKIS A. STILIANOS | 1,200.00 |
| ZISIMOU N. ASIMENIA | 69.00 |
| ZOGRAFOU S. PANTELIS | 638.00 |
| ZOUGLA.GR S.A. | 33,000.00 |
| | **3,531,959.39** |

***NOTES:***

1.Not including charges for Greek government (VAT, Special Television Tax) and for third parties (advertisement tax) totaling **1.119.335,01 €.**

**INFORMATION GROUP EUROBANK ERGASIAS S.A**

**PAYMENTS ON CONSOLIDATED BASIS PURSUANT TO PARAGRAPH 2 OF ARTICLE 6 OF L.4374 / 2016 WITH RESPECT TO LEGAL ENTITIES**

| LEGAL NAME ENTITY | AMOUNTS (pre taxes and charges) |
|---|---|
| 13th JUNIOR HIGH SCHOOL OF PIRAEUS * | 355.65 |
| 2nd PRIMARY SCHOOL OF MOSCHATO* | 3,673.92 |
| 3rd GEL PIRAEUS * | 3,444.80 |
| ALBA GRADUATE BUSINESS SCHOOL | 3,000.00 |
| AMERICAN-HELLENIC CHAMBER OF COMMERCE | 2,000.00 |
| ANDROS SPORTS CLUB | 400.00 |
| APOSTOLI NON-PROFIT CIVIL PARTNERSHIP | 266,350.00 |
| ARGO PUBLISHING AND ADVERTISING LTD | 1,080.00 |
| ASSOCIATION ' FRIENDS OF THE NEW COAST' | 1,300.00 |
| ASSOCIATION ARGITHEATON OF TRIKALA | 150.00 |
| ASSOCIATION OF ADVERTISING GREECE | 5,000.00 |
| ASSOCIATION OF ASTROPHYSICS,ASTRONOMY AND MECHANICS ASEA | 1,500.00 |
| ASSOCIATION OF BUSINESS AND INDUSTRY THESSALIA | 500.00 |
| ASSOCIATION OF ESTIA FRIENDS 'LOVE MESSAGE' | 500.00 |
| ASSOCIATION OF IKA PENSIONERS OF PERISTERI KOLONOS AND ABOUT | 200.00 |
| ASSOCIATION OF PARENTS AND GARDIANS OF SPASTIC CHILDREN 'THE GOOD SAMARITAN' | 500.00 |
| ASSOCIATION OF PARENTS AND KIDEMONS OF CHILDREN WITH NEOPLASMATIC DISEASES CHILDR | 80.00 |
| ATHLETIC GROUP OF CORINTH RUNNERS "EFYRAIOI OKIPODES" | 500.00 |
| BINIKOU VASSILIKI | 2,000.00 |
| BOUSIAS COMMUNICATIONS LTD | 210.00 |
| BUSINESS CONNECTION INDUSTRY OF PELOPONNESE & GREECE | 1,000.00 |
| CENTER FOR SPECIAL PERSONS I HARA | 3,156.16 |
| CHAMBER OF XANTHI* | 564.00 |
| CHILDREN΄S HOSPITAL* | 12,123.16 |
| CIVIL ASSOCIATION FOR COMMUNICATION ETHICS | 3,000.00 |
| COEURS POUR TOUS HELLAS | 13,720.00 |
| COMMERCIAL ASSOCIATION OF THESSALONIKI | 700.00 |
| COMMERCIAL CHAMBER OF THESSALONICA | 4,000.00 |
| COMPANY OF SUPERIOR BUSINESS STAFF | 6,000.00 |
| CULTURAL ASSOCIATION OF NEA SMIRNI MUNICIPALITY | 20,000.00 |
| CULTURAL, GYMNASTIC AND FOOTBALL ASSOCIATION OF LESBOS | 1,612.90 |
| DOCTORS WITHOUT BORDERS | 5,000.00 |
| EDUCATION CENTER GENESIS SOCIETE ANONYME EDUCATIONAL TRAINING COMPANY | 500.00 |
| E-THEMIS TRAINEE ASSOCIATION LAWYERS AND LEGAL | 4,000.00 |
| ETHOS MEDIA SOCIETE ANONYME CONFERENCE CONFERENCE | 10,000.00 |
| EUGENIDEION HOSPITAL 'THE HOLY TRINITY' SA | 15,000.00 |
| EUROBANK EFG FOUNDATION FOR THE FIREPLACE PROGRAM | 2,364.00 |
| FLOGA, PARENTS ASSOCIATION OF OF CHILDREN WITH NEOPLASTIC DISEASES | 855.02 |
| FRAUD LINE-REGULATORY COMPLIANCE SERVICES & CORPORATE RISK MANAGEMENT | 3,400.00 |
| FRIENDS OF CHILDREN IN INTENSIVE CARE | 12,633.54 |
| GKIOKAS PANAGIOTIS AND CO LP | 2,200.00 |
| GLOBAL EVENTS LTD | 2,000.00 |
| GRAMMATIKOPOULIO BALLIO TRIGKEIO THERAPEUTIRE CHRONIC DISEASES (ITEA) | 100.00 |
| GREEK EXPORTER ASSOCIATION | 9,000.00 |
| GREEK INTERNATIONAL BUSINESS ASSOCIATION | 19,000.00 |
| GREEK SOCIETY FOR THE PROMOTION OF SAFETY OF SPORTS AND RECREATIONAL MEANS THE SEA AND WATER "SAFE WATER SPORTS" | 4,450.00 |
| GREEKING ME TOURIST SERVICES | 2,600.00 |
| GSS INTERNATIONAL CONFERENCE TOURISM & COMMERCIAL LTD | 500.00 |
| HAZLIS & RIVAS LTD | 5,000.00 |
| HEALTH TOURISM GREECE TOURIST LTD-MAMALAKIS TRAVEL LTD | 10,000.00 |
| HELLENIC ASSOCIATION OF MOBILE APPLICATION COMPANIES* | 15,000.00 |
| HELLENIC BASKETBALL FEDERATION | 677,916.26 |
| HELLENIC BUSINESS RESEARCH COMPANY | 300.00 |
| HELLENIC GYMNASTICS FEDERATION * | 12,003.84 |
| HELLENIC INSTITUTE FOR CUSTOMER SERVICE | 5,000.00 |
| HELLENIC MANAGEMENT ASSOCIATION | 13,500.00 |
| HELLENIC NATIONAL COMMITTEE ON UNESCO | 1,000.00 |
| HELLENIC-AMERICAN EDUCATIONAL FOUNDATION | 11,355.00 |
| HELLENICITALIAN CHAMBER | 4,000.00 |
| HOLY CATHEDRAL CHURCH OF MESOGAIA AND LAVREOTIKI* | 288.54 |
| HOLY METROPOLITAN PERISTERIOU | 1,000.00 |

| | |
|---|---|
| HOLY TEMPLE OF AGIOS VASSILIOS PEIRAIOS | 400.00 |
| I NAFTEMPORIKI - PANOS ATHANASIADIS & CO, S.A | 21,000.00 |
| INFORMA UK LIMITED | 5,000.00 |
| JUNIOR HIGH SCHOOL OF KASTELORIZOS * | 7,465.31 |
| JUNIOR HIGH SCHOOL OF LIPSOUS * | 1,758.48 |
| MUNICIPALITTY OF CORFU* | 1,327.56 |
| MUNICIPALITY OF AEGALEO | 4,000.00 |
| MUNICIPALITY OF AGIOS NIKOLAOS | 1,000.00 |
| MUNICIPALITY OF CHALKI* | 1,000.00 |
| MUNICIPALITY OF HALANDRI* | 481.50 |
| MUNICIPALITY OF KALAMATA* | 300.00 |
| MUNICIPALITY OF MEGALOPOLIS | 6,650.00 |
| MUNICIPALITY OF PALLINI* | 481.50 |
| MUNICIPALITY OF PAPAGOS-HOLARGOS | 3,000.00 |
| MUNICIPALITY OF SPARTI | 500.00 |
| MUNICIPALITY OS MARATHONA* | 481.50 |
| MUSIC SCHOOL OF KAVALAS | 700.00 |
| NATIONAL HELLENIC PROPERTY-INTERNATIONAL COMMERCIAL CHAMBER | 2,500.00 |
| NETWORK FOR REFORM IN GREECE & EUROPE | 1,500.00 |
| NURSERY SCHOOL OF LIPSOUS* | 801.62 |
| PACHIAKOS ASSOCIATION OF DISABLED PERSONS | 200.00 |
| PALLADIAN COMMUNICATIONS SPECI | 2,000.00 |
| PETAGMA ASSOCIATION * | 11,960.00 |
| PHILANTHROPIC FOUNDATION DIMITRIOU AND BLANC LAMPROPOULOU | 1,500.00 |
| PLE OF SOCIAL PROTECTION FOR THE SOLIDARITY OF ATHLETIC JUSTICE | 14,000.00 |
| PLEGMA CIVIL NON PROFIT COMPANY | 1,209.68 |
| PREVEZA JAZZ FESTIVAL | 20,161.29 |
| PRIMARY SCHOOL COMMITTEE EDUCATION | 1,600.00 |
| PRIMARY SCHOOL OF LIPSOUS * | 2,493.31 |
| PROFESSIONAL INSURANCE FUND FOR FOOD TRADING OFFICERS* | 11,000.00 |
| QUALITY NETWORK | 2,500.00 |
| RESEARCH CENTRE UNIVERSITY OF PIRAEUS | 2,500.00 |
| RESEARCH UNIVERSITY INSTITUTE OF COMMUNICATION AND COMPUTER SYSTEMS NTUA | 10,000.00 |
| RETHYMNIA SPORTS ASSOCIATION | 1,000.00 |
| RISK RESPONSE UNIT HIPPOCRATE STATE | 1,000.00 |
| SCHOOL COMMITTEE FOR SECONDARY EDUCATION | 1,100.00 |
| SCHOOL COMMITTEE FOR THE PRIMARY EDUCATION OF THE MUNICIPALITY OF CHANIA* | 381.20 |
| SCHOOL COMMITTEE OF SECONDARY EDUCATION OF PYLEAS-HORTIATIS MUNICIPALITY* | 403.23 |
| SCHOOL COMMITTEE PRIMARY EDUCATION MUNICIPALITY OF HERACLION | 500.00 |
| SCHOOL COMMITTEE PRIMARY EDUCATION MUNICIPALITY OF NIKAIA* | 766.13 |
| SCHOOL OF DEAF PEOPLE PEFKI* | 23,034.60 |
| SOS CHILDREN'S VILLAGE OF GREECE | 1,200.00 |
| SPECIAL BUDGET HEADING ACCOUNT UNIVERSITY OF PATRAS | 1,000.00 |
| SPECIAL BUDGET HEADING ACCOUNT UNIVERSITY OF PIRAEUS* | 2,340.00 |
| STARTUP WEEKEND EUROPE | 500.00 |
| TEDX CHALKIDA EVENT ORGANIZATION | 1,000.00 |
| THE ALUMNI OF AMERICAN COLLEGE ANATOLIA | 7,000.00 |
| THE ATHENS CONCERT HALL ORGANIZATION | 943.40 |
| THE FEDERATION OF INDUSTRIES OF NORTHERN GREECE | 6,000.00 |
| THE GREEK TOURISM CONFEDERATION SETE | 70,000.00 |
| THE KALLIPATIRA PANHELLENIC SPORTS UNION | 250.00 |
| THE KAROLOU KUN ART THEATER | 4,032.26 |
| THE SMILE OF THE CHILD | 1,100.00 |
| THE SMILE OF THE CHILD* | 1,055.04 |
| TINOS ASSOCIATION OF BUSINESSES OF HEALTHCARE INTEREST | 500.00 |
| UNION OF CENTRAL GREECE FIREFIGHTERS | 300.00 |
| VEIKIO CULTURAL ASSOCIATION NEOI EPIVATES | 1,000.00 |
| WAVE MEDIA OPERATIONS L.T.D | 8,500.00 |
| XENEPEL (SOLE SHAREHOLDER) L.T.D | 3,000.00 |
| ZOGRAFIO LICEUM | 500.00 |
| | **1,488,464.39** |

***NOTES:***
**1**.Not including charges for Greek government and in favor of third parties (V.A.T, ETC.), Total Amount **272.127,82€.**
**2.** Where (*) relates to grants / donations in kind.

| INFORMATION UNDER PARAGRAPH 2 OF ARTICLE 6 OF L.4374 / 2016 CONCERNING INDIVIDUALS | |
|---|---|
| | **AMOUNTS BEFORE TAX** |
| 543 VALEDICTORIANS OF THE PROGRAMME "THE GREAT MOMENT FOR EDUCATION" | 434,400.00 |
| 19 INDIVIDUALS | 73,220.00 |
| **TOTAL** | **507,620.00** |

| FIXED ASSETS DONATIONS | |
|---|---|
| **NAME** | **ITEM** |
| A.O DIANA AGIAS MARINAS ILIOUPOLIS | ELECTRONIC EQUIPMENT |
| A.P.O MAHI MARATHONA | ELECTRONIC EQUIPMENT |
| AIGINA PORT AUTHORITIES | OFFICE EQUIPMENT |
| APS DOXA PAHANION | TELECOMMUNICATION EQUIPMENT |
| ASSOCIATION OF AGIOS DIMITRIOS MONEMVASIA FLOKAS | ELECTRONIC EQUIPMENT |
| ASSOCIATION OF LARGE FAMILIES PERISTERI | OTHER EQUIPMENT |
| ASSOCIATION OF PARENTS & GUARDIANS 2nd NURSERY SCHOOL OF VOULA | ELECTRONIC EQUIPMENT |
| ASSOCIATION OF PARENTS & GUARDIANS 2nd& 4th NURSERY SCHOOL LAURIO | OFFICE EQUIPMENT |
| ASSOCIATION OF PARENTS & GUARDIANS 7th PRIMARY SCHOOL OF GLYFADA | ELECTRONIC EQUIPMENT |
| ASSOCIATION OF PARENTS & GUARDIANS MUSIC JUNIOR HIGH SCHOOL OF ALIMOS | ELECTRONIC EQUIPMENT, OFFICE EQUIPMENT |
| CHAMBER OF VISUAL ARTS OF GREECE | ELECTRONIC EQUIPMENT |
| CULTURAL ASSOCIATION OF VRISAGOTON ATHENS LESVOS | ELECTRONIC EQUIPMENT |
| EFKA- H' LOCAL BRANCH OF WAGE EARNERS ATTICA ATHENS | ELECTRONIC EQUIPMENT |
| FENCING CLUB FLORINA | ELECTRONIC EQUIPMENT |
| HELLENIC TOURISM CLUB OF DRAMA | ELECTRONIC EQUIPMENT |
| HOLY METROPOLIS NEW KRINIS and KALAMARIAS | ELECTRONIC EQUIPMENT |
| LABORATORY OF CULTURE NEW ARTAKIS '' PANAGIA FANEROMENI '' | ELECTRONIC EQUIPMENT |
| LOCAL GROUP OF UNESCO MUNICIPALITY OF LARISA | ELECTRONIC EQUIPMENT |
| MINISTRY OF DEFENCE ( SPECIAL DEFENSE COMPANY, EVELPIDON MILITARY ACADEMY, MILITARY CAMP ) | ELECTRONIC & TELECOMMUNICATION EQUIPMENT, OFFICE EQUIPMENT |
| MINISTRY OF PUBLIC ORDER AND CIVIL PROTECTION ( FIRE SERVICE MEGARA, FINANCIAL POLICE, OPKE, DIRECTORATE FOR DOMESTIC AFFAIRS,TRAFFIC POLICE OF KERATEA) | OFFICE FURNITURE & TELECOMMUNICATION EQUIPMENT |
| MUNICIPAL CHILDREN STATIONS PAL. FALIROU | OFFICE EQUIPMENT |
| MUNICIPALITY OF VIRONAS | ELECTRONIC EQUIPMENT |
| MUNICIPALITY OF AGIOS VASILEIOS/ LOCAL COMMUNITY OF AGIA GALINI | ELECTRONIC EQUIPMENT |
| MUNICIPALITY OF CHALKIDEON | ELECTRONIC EQUIPMENT |
| MUNICIPALITY OF KALAMATA | ELECTRONIC EQUIPMENT |
| MUNICIPALITY OF KILELER | ELECTRONIC EQUIPMENT |
| MUNICIPALITY OF PETROUPOLIS | OFFICE FURNITURE & ELECTRONIC EQUIPMENT |
| NIKOLOPOULIOS FOUNDATION | ELECTRONIC EQUIPMENT |
| NON GOVERNMENTAL ORGANISATION -THE ARK OF THE WORLD | ELECTRONIC EQUIPMENT |
| O.S.Y.E | OFFICE FURNITURE & ELECTRONIC EQUIPMENT |
| PRIMARY EDUCATION MANAGEMENT OF WESTERN EPIRUS/ NURSERY SCHOOL PRAMANTON | ELECTRONIC EQUIPMENT |
| Sch.Com.Ed. HOLY MUNICIPALITY OF MESOLOGION | ELECTRONIC EQUIPMENT |
| Sch.Com.Ed. MUNICIPALITY OF PYRGOS | ELECTRONIC EQUIPMENT |
| Sch.Com.Ed. MUNICIPALITY OF N.SMIRNI | ELECTRONIC EQUIPMENT |
| Sch.Com.Ed. MUNICIPALITY OF ATHINA | ELECTRONIC EQUIPMENT |
| Sch.Com.Ed. MUNICIPALITY OF CHALKIDEON | ELECTRONIC EQUIPMENT |
| Sch.Com.Ed. MUNICIPALITY OF KALAMATA | ELECTRONIC EQUIPMENT |
| Sch.Com.Ed. MUNICIPALITY OF KALLITHEA | ELECTRONIC EQUIPMENT |
| Sch.Com.Ed. MUNICIPALITY OF KASTORIA | ELECTRONIC EQUIPMENT |
| Sch.Com.Ed. MUNICIPALITY OF KATERINI | ELECTRONIC EQUIPMENT |
| Sch.Com.Ed. MUNICIPALITY OF KERATSINI | ELECTRONIC EQUIPMENT |
| Sch.Com.Ed. MUNICIPALITY OF MEGALOPOLIS | ELECTRONIC EQUIPMENT |
| Sch.Com.Ed. MUNICIPALITY OF MEGARA | ELECTRONIC EQUIPMENT |
| Sch.Com.Ed. MUNICIPALITY OF PERAIUS | ELECTRONIC EQUIPMENT |
| Sch.Com.Ed. MUNICIPALITY OF PERISTERI | ELECTRONIC EQUIPMENT |
| Sch.Com.Ed. MUNICIPALITY OF PETROUPOLIS | ELECTRONIC EQUIPMENT |
| Sch.Com.Ed. MUNICIPALITY OF SALAMINAS | ELECTRONIC EQUIPMENT |
| Sch.Com.Ed. MUNICIPALITY OF SERVIA-VELVEDOS | ELECTRONIC EQUIPMENT |

| | |
|---|---|
| Sch.Com.Ed. MUNICIPALITY OF SIKIONION | ELECTRONIC EQUIPMENT |
| Sch.Com.Ed. MUNICIPALITY OF THESSALONIKI | ELECTRONIC EQUIPMENT |
| Sch.Com.Ed. MUNICIPALITY OF TRIKKAION | ELECTRONIC EQUIPMENT |
| Sch.Com.Ed. MUNICIPALITY OF VIRONAS | ELECTRONIC EQUIPMENT |
| Sch.Com.Ed. MUNICIPALITY OF VOLOS | ELECTRONIC EQUIPMENT |
| Sch.Com.Ed. MUNICIPALITY OF ZOGRAFOS | ELECTRONIC EQUIPMENT |
| SEDE MUNICIPALITY OF ATHENS | ELECTRONIC EQUIPMENT |
| SEDE MUNICIPALITY OF DIONYSOS | ELECTRONIC EQUIPMENT |
| SEDE MUNICIPALITY OF DODEKANISA | ELECTRONIC EQUIPMENT |
| SEDE MUNICIPALITY OF ELLINIKO-ARGIROUPOLI | ELECTRONIC EQUIPMENT |
| SEDE MUNICIPALITY OF ILION | ELECTRONIC EQUIPMENT |
| SEDE MUNICIPALITY OF IOANNINA | ELECTRONIC EQUIPMENT |
| SEDE MUNICIPALITY OF KIMI ALIVERI | ELECTRONIC EQUIPMENT |
| SEDE MUNICIPALITY OF KORYDALOS | ELECTRONIC EQUIPMENT |
| SEDE MUNICIPALITY OF KROPIA | ELECTRONIC EQUIPMENT |
| SEDE MUNICIPALITY OF PALAIO FALIRO | ELECTRONIC EQUIPMENT |
| SEDE MUNICIPALITY OF PALLINI | ELECTRONIC EQUIPMENT |
| SEDE MUNICIPALITY OF PERAIUS | ELECTRONIC EQUIPMENT |
| SEDE MUNICIPALITY OF PETROUPOLI | ELECTRONIC EQUIPMENT |
| SEDE MUNICIPALITY OF PYLAIAS-HORTIATI | ELECTRONIC EQUIPMENT |
| SEDE MUNICIPALITY OF SARONIKOS | OFFICE EQUIPMENT |
| SEDE MUNICIPALITY OF THESSALONIKI | ELECTRONIC EQUIPMENT |
| SELECTED GROUP OF SPECIAL MISSIONS MUNICIPALITY OF AIGALEO | ELECTRONIC EQUIPMENT |
| SEPE MUNICIPALITY OF RETHYMNO | ELECTRONIC EQUIPMENT |
| SINGLE SCHOOL COMMITTEE MUNICIPALITY OF KALYMNOS | ELECTRONIC EQUIPMENT |
| SINGLE SCHOOL COMMITTEE OF PRIMARY EDUCATION MUNICIPALITY OF PERISTERI | ELECTRONIC EQUIPMENT |
| SINGLE SCHOOL COMMITTEE OF REGIONAL EDUCATION OF MUNICIPALITY OF P.FALIRO | ELECTRONIC EQUIPMENT |
| TECHNODROMO NON PROFIT ORGANISATION | ELECTRONIC EQUIPMENT |
| YOUTH AND LIFELONG LEARNING FOUNDATION | ELECTRONIC EQUIPMENT |
| ZEUS SCULLING CLUB | ELECTRONIC EQUIPMENT, OFFICE EQUIPMENT |

**THE ABOVE TABLE RELATES TO BANK'S FIXED ASSETS DONATIONS WITH RESIDUAL VALUE 23,13€.**