EUROBANK ERGASIAS S.A.

INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

30 JUNE 2019

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Index to the Interim Financial Statements .... Page

Selected Explanatory Notes to the Interim Financial Statements

Interim Balance Sheet

	Note	30 June 2019 € million	31 December 2018 € million
ASSETS			
Cash and balances with central banks		**840**	397
Due from credit institutions		**3,299**	3,190
Securities held for trading		**32**	18
Derivative financial instruments	12	**2,359**	1,875
Loans and advances to customers	13	**28,366**	29,354
Investment securities	14	**5,802**	6,597
Shares in subsidiaries	15	**1,897**	1,753
Property, plant and equipment	16	**604**	244
Investment property	16	**675**	32
Intangible assets	28	**359**	126
Deferred tax assets	11	**4,838**	4,903
Other assets	17	**1,946**	1,766
Assets of disposal groups classified as held for sale	13	**1,150**	20
Total assets		**52,167**	50,275
LIABILITIES			
Due to central banks	18	**1,250**	2,050
Due to credit institutions	19	**8,764**	9,247
Derivative financial instruments	12	**2,733**	1,896
Due to customers	20	**29,943**	29,135
Debt securities in issue	21	**2,745**	2,697
Other liabilities	22	**1,104**	872
Total liabilities		**46,539**	45,897
EQUITY			
Share capital	23	**853**	656
Share premium	23	**8,056**	8,056
Reserves and retained earnings		**(3,323)**	(4,376)
Hybrid Capital	24	**42**	42
Total equity		**5,628**	4,378
Total equity and liabilities		**52,167**	50,275

Notes on pages 6 to 39 form an integral part of these interim financial statements.

Interim Income Statement

		Six months ended 30 June		Three months ended 30 June	
		2019	2018	2019	2018
	Note	€ million	€ million	€ million	€ million
Net Interest income	5	**499**	533	**250**	268
Net banking fee and commission income	6	**72**	77	**38**	45
Income from non banking services	28	**15**	3	**14**	1
Dividend income	7	**4**	17	**4**	17
Net trading income/(loss)		**(7)**	(3)	**(6)**	(4)
Gains less losses from investment securities	14	**40**	42	**30**	21
Other income/(expenses)	11,15	**(1)**	10	**2**	10
Operating income		**622**	679	**332**	358
Operating expenses	8	**(324)**	(333)	**(162)**	(170)
Profit from operations before impairments, provisions and restructuring costs		**298**	346	**170**	188
Impairment losses relating to loans and advances to customers	9	**(296)**	(289)	**(150)**	(150)
Other impairment losses and provisions	10	**(11)**	(2)	**(7)**	(4)
Restructuring costs	10	**(61)**	(40)	**(56)**	(7)
Profit/(loss) before tax		**(70)**	15	**(43)**	27
Income tax	11	**21**	(17)	**14**	(19)
Net profit/(loss)		**(49)**	(2)	**(29)**	8

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Interim Statement of Comprehensive Income

	Six months ended 30 June				Three months ended 30 June			
		2019		2018		2019		2018
		€ million		€ million		€ million		€ million
Net profit/(loss)		**(49)**		(2)		**(29)**		8
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	**1**		13		**1**		7	
- transfer to net profit, net of tax	**(11)**	**(10)**	(9)	4	**(5)**	**(4)**	(5)	2
Debt securities at FVOCI								
- changes in fair value, net of tax (note 14)	**437**		(42)		**308**		**15**	
- transfer to net profit, net of tax	**(214)**	**223**	(45)	(87)	**(100)**	**208**	**(26)**	(11)
Other comprehensive income		**213**		(83)		**204**		(9)
Total comprehensive income		**164**		(85)		**175**		(1)

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Interim Statement of Changes in Equity

	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 2018	656	8,056	7,755	(11,018)	950	43	6,442
Impact of adopting IFRS 9 at 1 January 2018	-	-	13	(995)	-	-	(982)
Balance at 1 January 2018, as restated	656	8,056	7,768	(12,013)	950	43	5,460
Net profit/(loss)	-	-	-	(2)	-	-	(2)
Other comprehensive income	-	-	(83)	-	-	-	(83)
Total comprehensive income for the six months ended 30 June 2018	-	-	(83)	(2)	-	-	(85)
Redemption of preference shares	-	-	-	-	(950)	-	(950)
Hybrid capital's dividend paid and buy back, net of tax	-	-	-	(0)	-	(1)	(1)
Merger with a Bank' s subsidiary	-	-	1	(2)	-	-	(1)
	-	-	1	(2)	(950)	(1)	(952)
Balance at 30 June 2018	656	8,056	7,686	(12,017)	-	42	4,423
Balance at 1 January 2019	**656**	**8,056**	**7,608**	**(11,984)**	**-**	**42**	**4,378**
Net profit/(loss)	-	-	-	(49)	-	-	**(49)**
Other comprehensive income	-	-	213	-	-	-	**213**
Total comprehensive income for the six months ended 30 June 2019	**-**	**-**	**213**	**(49)**	**-**	**-**	**164**
Merger with Grivalia Properties REIC (note 28)	197	-	-	890	-	-	**1,087**
Hybrid capital's dividend paid, net of tax	-	-	-	(1)	-	-	**(1)**
	197	**-**	**-**	**889**	**-**	**-**	**1,086**
Balance at 30 June 2019	**853**	**8,056**	**7,821**	**(11,144)**	**-**	**42**	**5,628**
	Note 23	Note 23			Note 21	Note 24	

Notes on pages 6 to 39 form an integral part of these interim financial statements.

Interim Cash Flow Statement

	Note	Six months ended 30 June 2019 € million	2018 € million
Cash flows from operating activities			
Profit/(loss) before income tax		**(70)**	15
Adjustments for :			
Impairment losses relating to loans and advances to customers	9	**296**	289
Other impairment losses, provisions and restructuring costs	10	**72**	42
Depreciation and amortisation	8	**41**	22
Other (income)/losses on investment securities	26	**15**	(68)
(Income)/losses on debt securities in issue	21	**38**	36
(Gain)/ loss on sale of subsidiaries, associates and joint ventures	15	**(6)**	(7)
Dividends from subsidiaries, associates and joint ventures	7	**(3)**	(16)
Other adjustments		**1**	(1)
		384	312
Changes in operating assets and liabilities			
Net (increase)/decrease in cash and balances with central banks		**(66)**	(86)
Net (increase)/decrease in securities held for trading		**(13)**	(29)
Net (increase)/decrease in due from credit institutions		**(102)**	45
Net (increase)/decrease in loans and advances to customers		**(669)**	(132)
Net (increase)/decrease in derivative financial instruments		**137**	46
Net (increase)/decrease in other assets		**(81)**	(136)
Net increase/(decrease) in due to central banks and credit institutions		**(1,331)**	(3,733)
Net increase/(decrease) in due to customers		**808**	2,173
Net increase/(decrease) in other liabilities		**(47)**	(69)
		(1,364)	(1,921)
Net cash from/(used in) operating activities		**(980)**	(1,609)
Cash flows from investing activities			
Acquisition of fixed and intangible assets		**(39)**	(39)
Proceeds from sale of fixed and intangible assets		**-**	4
(Purchases)/sales and redemptions of investment securities		**1,395**	696
Acquisition of subsidiaries, associates, joint ventures and participations in capital increases	15	**(4)**	(0)
Proceeds from disposal/liquidation of holdings in subsidiaries, associates and joint ventures	15	**9**	183
Merger with Grivalia	28	**1**	-
Dividends from investment securities, subsidiaries, associates and joint ventures		**4**	55
Net cash from/(used in) investing activities		**1,366**	899
Cash flows from financing activities			
(Repayments)/proceeds from debt securities in issue	21	**9**	812
Hybrid capital's dividend paid		**(2)**	(1)
Redemption on preference shares, net of expenses	21	**-**	(4)
Repayment of lease liabilities		**(15)**	-
Net cash from/(used in) financing activities		**(8)**	807
Net increase/(decrease) in cash and cash equivalents		**378**	97
Cash and cash equivalents at beginning of period	26	**490**	506
Cash and cash equivalents at end of period	26	**868**	603

Notes on pages 6 to 39 form an integral part of these 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 interim financial statements were approved by the Board of Directors on 28 August 2019. The Independent Auditor's Report on Review of Interim Financial Information is included in the Section V of the Financial Report for the period ended 30 June 2019.

2. Basis of preparation and principal accounting policies

These interim condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting' as adopted by the European Union (EU).The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements for the year ended 31 December 2018. 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.

The accounting policies and methods of computation in these interim financial statements are consistent with those in the financial statements for the year ended 31 December 2018, except as described below.

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:

a) The Group operates in an environment of positive growth rates both in Greece and the other countries, in which it has a substantial presence. Specifically, in 2019, real GDP for Greece (Group's main market) is expected to grow by 2.1% according to the July 2019 forecast by European Commission (2018: 1.9%, according to the Hellenic Statistical Authority's (ELSTAT)). Based on ELSTAT and Ministry of Finance data, the unemployment rate in April 2019 was at 17.6% (April 2018: 19.8%) and the 2018 fiscal primary surplus was at 4.3% of GDP. The Stability Programme's fiscal primary surplus forecast for 2019 is at 4.1% of GDP.

Following the successful conclusion of the third economic adjustment program (TEAP) in August 2018, Greece has entered into the Enhanced Surveillance (ES), which foresees quarterly reviews. So far, Greece has completed the first three consecutive reviews, the last of them was completed in early June 2019. The conclusion of the fourth review is expected in mid-September 2019. On 5 April 2019, the Eurogroup endorsed the release of the first set of policy-contingent debt measures of € 970 million. In the first half of 2019, the Greek sovereign established market access with the successful issuance of a 5-year bond of € 2.5 bn at a yield of 3.6% on 29 January 2019, a 10-year bond of € 2.5 bn at a yield of 3.9% on 6 March 2019 and a 7-year bond of €2.5 bn at a yield of 1.9% on 16 July 2019.

Regarding the outlook for the next 12 months, the major macroeconomic risks and uncertainties in Greece are associated with (i) the adherence to established reforms and the unimpeded implementation of the reforms and privatisations' agenda in order to meet the ES targets and milestones, (ii) the impact on the level of economic activity and on the attraction of direct investments from the fiscal and social security-related measures agreed under the reviews of the TEAP and the ES, (iii) the ability to attract new investments in the country and (iv) the geopolitical and macroeconomic conditions in the near or in broader region, including the impacts of a persistent low/negative rates' environment and the external shocks from a slowdown in the regional and/ or global economy. Materialization of those risks would have potentially adverse effects on the liquidity, solvency and profitability of the Greek banking sector. The Group monitors closely the developments in the Greek and regional macroeconomic environment taking into account its direct and indirect exposure to sovereign risk.

b) The merger with Grivalia completed in May 2019 has further enhanced Eurobank's capital, leading the total CAD and the CET1 ratios to 18.4% and 15.9% (Bank 18.2% and 15.5%) respectively as at 30 June 2019. The Group's net profit attributable to shareholders amounted to € 26 million (€90 million net profit from continuing operations before € 61 million restructuring costs, after tax) for the first half of 2019, while the Bank's after tax result amounted to a loss of € 49 million. Furthermore, the Bank has eliminated the use of ELA as of end January 2019. In the first half of 2019, the Group deposits have been increased by € 2.2 bn (out of which € 1.1 bn is associated with the acquisition of Piraeus Bank Bulgaria) to € 41.3 bn (31 December 2018: € 39.1 bn), improving the Group's (net) loans to deposits (L/D) ratio to 86.5% as at 30 June 2019 (31 December 2018: 92.6%).

c) At the end of June 2019, the Bank reached a binding agreement for the sale of 95% of the mezzanine and junior notes of a securitization of a residential mortgage loan portfolio of ca. € 2 bn, gross book value (project Pillar comprising primarily NPEs) which represents the second significant milestone of the Bank's frontloaded plan for derisking its balance sheet (note 13). As at 30 June 2019 and taking into account the above transaction, the Bank NPEs at amortized cost have been reduced to € 12.9 bn, driving the NPE ratio to 36.8% (31 December 2018: 40.8%). Going forward, the Bank is in process of completing the next two steps of its plan, specifically, a) the sale of 20% of the mezzanine and junior notes of a securitization of a mixed assets portfolio of NPEs with a gross book value of ca. € 7.5 bn (Project Cairo) and b) the sale of a majority stake in Financial Planning Services S.A. (FPS), the licensed 100%-owned loan servicer of Eurobank (Project Europe) (note 21).

Going concern assessment

The Board of Directors, taking into account the above factors relating to the adequacy of the Bank's capital and liquidity position as well as the progress that has been made in executing its NPE reduction acceleration plan, has been satisfied that the financial statements of the Bank can be prepared on a going concern basis.

New and amended standards and interpretations adopted by the Bank

The following new standards, amendments to standards and new interpretations as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IC) and endorsed by the European Union (EU), apply from 1 January 2019:

IFRS 9, Amendment–Prepayment Features with Negative Compensation

The amendment changes IFRS 9 requirements in order to allow measurement of a financial asset at amortized cost or at FVOCI, depending on the business model, even in the case of prepayment options which could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). Therefore, these financial assets can now be measured at amortised cost or at FVOCI, regardless of the event or circumstance that caused the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination. Applying IFRS 9 before the amendment would probably result in these financial assets failing the "Solely Payments of Principal and Interest "criterion and thus being measured at FVTPL.

The amendment also confirms the modification accounting of financial liabilities under IFRS 9. Specifically, when a financial liability measured at amortized cost is modified without this resulting in derecognition, a gain or loss, calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, should be recognized in profit or loss.

The adoption of the amendment had no impact on the Bank's interim financial statements.

IFRIC 23, Uncertainty over Income Tax Treatments

The interpretation clarifies the application of the recognition and measurement requirements in IAS 12 'Income Taxes' when there is uncertainty over income tax treatments. In such a circumstance, recognition and measurement of current or deferred tax asset or liability according to IAS 12 is based on taxable profit (tax loss), tax bases, unused tax losses and tax credits and tax rates determined applying IFRIC 23.

According to the interpretation, each uncertain tax treatment is considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty and the entity should assume that a tax authority with the right to examine tax treatments will examine them and will have full knowledge of all relevant information.

If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, it should determine its accounting for income taxes consistently with that tax treatment. If it concludes that it is not probable that the treatment will be accepted, the effect of the uncertainty in its income tax accounting should be reflected in the period in which that determination is made, using the method that best predicts the resolution of the uncertainty (i.e. the single most likely amount, or the expected value method which follows a probability weighted approach).

Judgments and estimates made for the recognition and measurement of the effect of uncertain tax treatments should be reassessed whenever circumstances change or new information that affects those judgments arise (e.g. actions by the tax authority, evidence that it has taken a particular position in connection with a similar item or the expiry of its right to examine a particular tax treatment).

IFRS 16, Leases

IFRS 16, which supersedes IAS 17 'Leases' and related interpretations, introduces a single, on-balance sheet lease accounting model for lessees, under which the classification of leases for a lessee, as either operating leases or finance leases, is eliminated and all leases are treated similarly to finance leases under IAS 17.

The definition of a lease under IFRS 16 mainly relates to the concept of control. The new standard distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and

- The right to direct the use of that asset.

IFRS 16 provides for the recognition of a 'right-of-use-asset' and a 'lease liability' upon lease commencement in case that there is a contract, or part of a contract, that conveys to the lessee the right to use an asset for a period of time in exchange for a consideration.

The right-of-use-asset is, initially, measured at cost, consisting of the amount of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee and, subsequently, at cost less accumulated depreciation and impairment. The lease liability is initially recognized at an amount equal to the present value of the lease payments during the lease term that are not yet paid.

Consequently, the typical straight line operating lease expense of operating leases under IAS 17 is replaced by the depreciation charge of the 'right-of-use-asset' and the interest expense on the 'lease liability'. The recognition of assets and liabilities by lessees, as described above, is not required for certain short term leases and leases of low value assets. The accounting treatment for lessors is not substantially affected by the requirements of IFRS 16.

Adoption of IFRS 16

The Bank implemented the requirements of IFRS 16 on 1 January 2019. The Bank has chosen the modified retrospective application of IFRS 16 and therefore comparative information was not restated.

Upon transition, the Bank adopted the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, existing contracts previously classified as service contracts such as ATMs, APSs and printing services were not classified as leases under IFRS 16, while the definition set out in IFRS 16 is applied to all lease contracts entered into or modified on or after 1 January 2019.

In accordance with IFRS 16, at the commencement date of the lease, the Bank as a lessee recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments.

The Bank applied this initial measurement principle to all leases, except for those with a lease term of 12 months or less, and leases of low value (i.e. less than € 5,000) - making use of the relevant short-term leases and leases of low-value assets exemptions. The Bank also adopted the practical expedient not to separate non-lease components from lease components.

In applying the modified retrospective transition approach, the Bank used the following main estimates and judgments:

•In determining the lease term for the leases in which the Bank is the lessee, including those leases having an indefinite duration, all relevant facts and circumstances, such as future housing needs and expected use, were considered and judgment was exercised. Furthermore, options to extend or terminate the lease that are reasonably certain to exercise were considered. These estimates will be revisited on a regular basis over the lease term.

•The present value of the lease liabilities was measured by using the incremental borrowing rate on the transition date, since the interest rate implicit in the leases was not readily determinable. The incremental borrowing rate was derived from the estimated covered bonds yield curve, which is constructed based on observable Greek Government Bond yields. The weighted average discount rate used to determine the lease liabilities was 2.6% and will be recalculated on a regular basis, using updated input.

•Applicable taxes, Value Added Tax and stamp duties were excluded from the scope of IFRS 16 calculations.

On 1 January 2019, the Bank recognised right-of-use assets of € 280 million and lease liabilities of an equivalent amount arising from leases of properties and vehicles, with no impact on shareholders' equity. The capital impact arising primarily from the increase in risk-weighted assets was a reduction of approximately 11 bps on the Bank's common equity Tier I ratio by applying regulatory transitional arrangements (approximately -9 bps on the Bank's CET1 ratio, on a fully loaded basis).

It is noted that € 111 million of the above mentioned right-of-use assets and of the corresponding lease liabilities are related to properties on lease from Grivalia.

Following the merger of Eurobank with Grivalia (note 28), these assets and liabilities have been derecognized in the second quarter of 2019, as the related properties have become own used assets of the combined group.

With regard to subsequent measurement, the Bank, acting as a lessee, applies the cost model for the measurement of right-of-use asset. Accordingly, the right-of-use asset is measured at cost less any accumulated depreciation and accumulated impairment losses as determined in accordance with IAS 36, and is adjusted for the remeasurement of the lease liability.

On the other hand, interest expense is recognized on the lease liabilities, while their carrying amount is reduced to reflect the lease payments made. In case of any reassessments or lease modifications specified, the carrying amount of the lease liabilities is remeasured to reflect revised lease payments. For the period ended 30 June 2019, the depreciation charge for right-of-use assets was € 16 million and the interest expense recognised on lease liabilities was € 2 million.

The following table presents the reconciliation between the operating lease commitments, as disclosed under IAS 17 in the financial statements for the year ended 31 December 2018 and the lease liabilities recognised under IFRS 16:

	€ million
Non-cancellable operating lease rentals payable under IAS 17	**107**
Plus: Future contractual lease payments (in excess of non-cancellable term)	118
Total future contractual operating lease payments	**225**
Plus: Re-estimation of lease term [1]	105
Adjusted total operating lease commitments as at 31 December 2018	**330**
Less: Recognition exemption for short term leases and leases of low value	(3)
Less: Exclusion of Stamp Duty and VAT	(10)
Undiscounted lease liabilities as at 31 December 2018	**317**
Less: Discounting effect of the lease liabilities using the incremental borrowing rate as at 1 January 2019	(37)
Total lease liabilities recognised as at 1 January 2019 under IFRS 16	**280**

[1] *The re-estimation of total future contractual lease payments includes primarily:*

a) contracts that expire in 2019 but the Bank expects to renew and has reset their term,

b) contracts with indefinite duration for which the Bank has determined the term that it expects to occupy the leased asset, and

c) re-assessment of extension and termination options.

There was no impact from the adoption of IFRS 16 for the leases in which the Bank is a lessor.

Update to principal accounting policy – Leases

(i) Accounting for leases as lessee

When the Bank becomes the lessee in a lease arrangement, it recognizes a lease liability and a corresponding right-of-use (RoU) asset at the commencement of the lease term when the Bank acquires control of the physical use of the asset.

Lease liabilities are presented within Other liabilities and RoU assets within Property, plant and equipment. Lease liabilities are measured based on the present value of the future lease payments over the lease term, discounted using an incremental borrowing rate. The interest expense on lease liabilities is presented within Net interest income.

The RoU asset is initially recorded at an amount equal to the lease liability and is adjusted for rent prepayments, initial direct costs, or lease incentives received. Subsequently, the RoU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset, with the depreciation presented within Operating expenses.

When a lease contains extension or termination options that the Bank considers reasonably certain to be exercised, the expected future lease payments or costs of early termination are included within the lease payments used to calculate the lease liability.

(ii) Accounting for leases as lessor

At inception date of the lease, the Bank, acting as a lessor, classifies each of its leases as either an operating lease or a finance lease based on certain criteria.

Finance leases

At commencement date, the Bank derecognizes the carrying amount of the underlying assets held under finance lease, recognizes a receivable at an amount equal to the net investment in the lease and recognizes, in profit or loss, any profit or loss from the derecognition of the asset and the recognition of the net investment. The net investment in the lease is calculated as the present value of the future lease payments in the same way as for the lessee.

After commencement date, the Bank recognizes finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The Bank also recognizes income from variable payments that are not included in the net investment in the lease. After lease commencement, the net investment in a lease is not remeasured unless the lease is modified or the lease term is revised.

Operating leases

The Bank continues to recognize the underlying asset and does not recognize a net investment in the lease on the balance sheet or initial profit (if any) on the income statement.

The Bank recognizes lease payments as income on a straight-line basis. Also it recognizes costs, including depreciation, incurred in earning the lease income as an expense. The Bank adds initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognizes those costs as an expense over the lease term on the same basis as the lease income.

Subleases

The Bank, acting as a lessee, may enter into arrangements to sublease a leased asset to a third party while the original lease contract is in effect. The Bank acts as both the lessee and lessor of the same underlying asset. The sublease is a separate lease agreement, in which the intermediate lessor classifies the sublease as a finance lease or an operating lease as follows:

-if the head lease is a short-term lease, the sublease is classified as an operating lease; or

-otherwise, the sublease is classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

IAS 28, Amendment – Long Term Interests in Associates and Joint Ventures

The amendment clarifies that IFRS 9 'Financial Instruments' including its impairment requirements, applies to long term interests in associates or joint ventures that form part of the entity's net investment in the associate or joint venture but are not accounted for using equity accounting.

According to the amendment, an entity should not take into account any adjustments to the carrying amount of long term interests (net investment in the associate or joint venture), resulting from the application of IAS 28 'Investments in Associates and Joint Ventures' when applying IFRS 9.

The adoption of the amendment had no impact on the Bank's interim financial statements.

IAS 19, Amendment –Plan Amendment, Curtailment or Settlement

The amendment clarifies that when a change to a defined benefit plan i.e. an amendment, curtailment or settlement takes place and a remeasurement of the net defined benefit liability or asset is required, the updated actuarial assumptions from the remeasurement should be used to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. Additionally, the amendment includes clarifications about the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The amendment applies prospectively to plan amendments, curtailments or settlements that occur on or after the adoption date 1 January 2019.

The adoption of the amendment had no impact on the Bank's interim financial statements.

Annual Improvements to IFRSs 2015-2017 Cycle

The improvements introduce key changes to several standards as set out below:

The amendments to IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangements' clarified how an entity accounts for increasing its interest in a joint operation that meets the definition of a business. Specifically, when an entity obtains control of a business that is a joint operation, then the transaction constitutes a business combination achieved in stages and the acquiring party re-measures the entire previously held interest in the assets and liabilities of the joint operation at fair value. Conversely, if a party obtains joint control, of a business that is a joint operation then the previously held interest is not re-measured.

The improvement to IAS 12 'Income Taxes' clarified that all income tax consequences of dividends, including payments on financial instruments classified as equity, should be recognized in profit or loss, other comprehensive income or equity, according to where the originating transaction or event that generated distributable profits giving rise to the dividend, was recognized.

IAS 23 'Borrowing costs' amendment clarified that any borrowing originally performed to develop a qualifying asset should be treated as part of the funds that the entity borrowed generally, when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The adoption of the amendments had no impact on the Bank's interim financial statements.

3. Significant accounting estimates and judgments in applying accounting policies

In preparing these interim financial statements, the significant estimates, judgments and assumptions 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 financial statements for the year ended 31 December 2018, except for the accounting judgments that relate to the changes in accounting policies described in note 2 as a result of IFRS 16 adoption.

Further information about the key assumptions and sources of estimation uncertainty are set out in notes 11, 13, 15, 22, 25, 27 and 28.

4. Capital Management

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

	30 June 2019 € million	31 December 2018 € million
Total equity	**5,628**	4,378
Add: Adjustment due to IFRS 9 transitional arrangements	**714**	798
Less: Goodwill	**(222)**	-
Less: Preferred securities	**(42)**	(42)
Less: Other regulatory adjustments	**(508)**	(566)
Common Equity Tier 1 Capital	**5,570**	4,568
Add: Preferred securities subject to phase-out	**-**	17
Total Tier 1 Capital	**5,570**	4,585
Tier 2 capital-subordinated debt	**950**	950
Add: Other regulatory adjustments	**25**	-
Total Regulatory Capital	**6,545**	5,535
Risk Weighted Assets	**35,886**	34,436
Ratios:	%	%
Common Equity Tier 1	**15.5**	**13.3**
Tier 1	**15.5**	**13.3**
Total Capital Adequacy Ratio	**18.2**	**16.1**

Note: The Bank's CET1 as at 30 June 2019, based on the full implementation of the Basel III rules in 2024 (fully loaded CET1), would be 13.5 % (31 December 2018: 10.7%).

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) as adopted by the European Central Bank 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.

Based on Council Regulation No 1024/2013, the European Central Bank (ECB) conducts annually a Supervisory Review and Evaluation Process (SREP) in order to define the prudential requirements of the institutions under its supervision. The key purpose of the SREP is to ensure that institutions have adequate arrangements, strategies, processes and mechanisms as well as capital and liquidity to ensure a sound management and coverage of their risks, to which they are or might be exposed, including those revealed by stress testing and risks the institution, may pose to the financial system. According to the 2018 SREP decision, starting from 1 March 2019, the Bank is required to meet on an individual basis a Common Equity Tier 1 ratio of at least 10.25% and a Total Capital Adequacy Ratio of at least 13.75% (Overall Capital Requirements including the Capital Conservation Buffer and the Other Systemically Important Institutions Buffer).

5. Net interest income

	30 June 2019 € million	30 June 2018 € million
Interest income		
Customers	**543**	609
Banks and other assets	**28**	16
Securities	**77**	72
Derivatives	**209**	212
	857	909
Interest expense		
Customers	**(67)**	(63)
Banks and other liabilities	**(43)**	(82)
Debt securities in issue	**(53)**	(36)
Derivatives	**(195)**	(195)
	(358)	(376)
Total	**499**	533

6. Net banking fee and commission income

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

	30 June 2019					
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	Other and Elimination center € million	Total € million
Lending related activities	3	17	0	2	1	23
Mutual funds and assets under management	6	1	8	0	-	15
Network activities and other [(1)]	16	7	0	7	-	30
Capital markets	-	3	(1)	1	1	4
Total	25	28	7	10	2	72

	30 June 2018					
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	Other and Elimination center € million	Total € million
Lending related activities	3	21	0	2	1	27
Mutual funds and assets under management	5	1	8	2	-	16
Network activities and other [1]	13	7	0	5	-	25
Capital markets	-	3	(0)	5	1	9
Total	21	32	8	14	2	77

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

7. Dividend income

During the period ended 30 June 2019, the Bank recognized dividend income amounting to € 4 million (30 June 2018: € 17 million of which € 16 million resulting from its associate Eurolife ERB Insurance Group Holding S.A.).

8. Operating expenses

	30 June 2019 € million	30 June 2018 € million
Staff costs	**(183)**	(195)
Administrative expenses	**(73)**	(71)
Contributions to resolution and deposit guarantee funds	**(26)**	(25)
Depreciation of real estate properties and equipment	**(15)**	(12)
Depreciation of right of use assets [1]	**(16)**	-
Amortisation of intangible assets	**(10)**	(10)
Operating lease rentals [1]	**(1)**	(20)
Total	**(324)**	(333)

[1] *Following the adoption of IFRS 16 as of 1 January 2019 (note 2).*

The average number of employees of the Bank during the period was 8,054 (1st half 2018: 8,214). As at 30 June 2019, the number of branches and business/private banking centers of the Bank amounted to 373.

9. Impairment allowance for loans and advances to customers

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

	30 June 2019			
	12-month ECL Stage 1 € million	**Lifetime ECL Stage 2 € million**	**Lifetime ECL credit-impaired Stage 3 € million**	**Total € million**
Impairment allowance as at 1 January 2019	124	678	7,165	7,967
Transfers between stages	60	30	(90)	-
Impairment loss for the period	(64)	(93)	416	259
Recoveries from written - off loans	-	-	1	1
Loans and advances derecognized/reclassified as held for sale during the period [1]	(1)	(13)	(903)	(917)
Amounts written off	-	-	(286)	(286)
Unwinding of Discount	-	-	(103)	(103)
Foreign exchange and other movements	(0)	-	2	2
Impairment allowance as at 30 June 2019	**119**	**602**	**6,202**	**6,923**

	30 June 2018			
	12-month ECL Stage 1 € million	Lifetime ECL Stage 2 € million	Lifetime ECL credit-impaired Stage 3 € million	Total € million
Impairment allowance as at 1 January 2018	132	763	9,009	9,904
Transfer of ECL allowance [2]	(14)	(6)	(102)	(122)
Transfers between stages	46	59	(105)	-
Impairment loss for the period	(56)	(81)	383	246
Recoveries from written - off loans	-	-	1	1
Amounts written off	-	-	(377)	(377)
Unwinding of Discount	-	-	(131)	(131)
Foreign exchange and other movements	2	2	(4)	0
Impairment allowance as at 30 June 2018	**110**	**737**	**8,674**	**9,521**

[1] It represents the impairment allowance of loans sold, modified (where the modification resulted in a derecognition) and those that have been reclassified as held for sale (impairment allowance of € 874 million, note 13) during the period.
[2] As of 1 January 2018, the impairment allowance for credit related commitments (off balance sheet items) is monitored separately from the impairment allowance on loans and advances to customers and accordingly is presented within other liabilities (note 22).

The impairment losses relating to loans and advances to customers recognized in the Bank's income statement for the period ended 30 June 2019 amounted to € 296 million (30 June 2018: € 289 million) and are analyzed as follows:

	30 June 2019 € million	30 June 2018 € million
Impairment loss on loans and advances to customers	**(259)**	(246)
Modification loss on loans and advances to customers	**(35)**	(34)
Impairment (loss)/reversal for credit related commitments	**(2)**	(9)
Total	**(296)**	(289)

10. Other impairments, restructuring costs and provisions

	30 June 2019 € million	30 June 2018 € million
Impairment and valuation losses on real estate properties	**(4)**	(6)
Impairment (losses)/reversal on bonds and placements	**(2)**	2
Other impairment losses and provisions [1]	**(5)**	2
Other impairment losses and provisions	**(11)**	(2)
Voluntary exit schemes and other related costs (note 22)	**(55)**	(36)
Other restructuring costs	**(6)**	(4)
Restructuring costs	**(61)**	(40)
Total	**(72)**	(42)

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

In the first half of 2019, the Bank recognized restructuring costs amounting to € 6 million mainly related with its transformation plan. In the comparative period, the Bank recognized restructuring costs of € 4 million related with the optimization of its lending operations.

11. Income tax

	30 June 2019 € million	30 June 2018 € million
Current tax	**(1)**	(2)
Deferred tax	**22**	(2)
Tax adjustments	**-**	(13)
Total tax (charge)/income	**21**	(17)

For the year 2019, according to Law 4172/2013 currently in force, the nominal Greek corporate tax rate for credit institutions is 29%, while for the other legal entities is 28% (for the year 2018: 29% corporate tax rate for all legal entities). According to article 23 of Law 4579/2018, which was enacted in December 2018 and amended Law 4172/2013, the Greek corporate tax rate for legal entities other than credit institutions will decrease annually by 1% for each of the next four years starting from 2019, resulting to 25% for the year 2022 and onwards. In addition, dividends distributed as of 1 January 2019 other than intragroup dividends, which under certain preconditions are relieved from both income and withholding tax, are subject to 10% withholding tax.

Further to the information provided in note 15 of the Bank's financial statements for the year ended 31 December 2018, law 4605/2019 (article 93) voted on 29 March 2019 provided clarifications regarding the treatment of the Bank's withholding tax amounts under Law 2238/1994 (i.e. € 4 million for the year 2008 and € 46 million for the year 2012) in a manner that safeguards the said tax amounts by providing for their offsetting with the Bank's corporate income tax whenever this becomes due.

Law 4605/2019 further addresses the treatment of tax receivables of Law 4046/2012 (for years 2010, 2011 and 2012), which provides for a five year settlement of tax withheld on interest from GGBs/Tbills/corporate bonds with the Greek State's guarantee against the banks' corporate income tax. Law 4605/2019 clarified that any remaining amounts (i.e. not offsettable withholding taxes within the set five year period) will be then offset against all taxes within ten years in equal installments starting from 1 January 2020. The said Law clarification addresses the treatment of the Bank's receivable of € 13 million arising in 2012 from tax withheld on interest from Greek sovereign bonds, Greek T-bills and corporate bonds with Greek State guarantee.

Tax certificate and open tax years

The Bank has in principle 6 open tax years (i.e. 5 years as from the end of the fiscal year within which the relevant tax return should have been submitted). For the open tax years 2013-2015 the Bank was required to obtain an 'Annual Tax Certificate' pursuant to the Law 4174/2013, which is issued after a tax audit is performed by the same statutory auditor or audit firm that audits the annual financial statements. For fiscal years starting from 1 January 2016 and onwards, the 'Annual Tax Certificate' is optional, however, the Bank will continue to obtain such certificate.

The Bank has obtained by external auditors unqualified tax certificates for the open tax years 2013-2017. For the year ended 31 December 2018, the tax audit from external auditors is in progress. 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/aforementioned statute of limitations, irrespective of whether an unqualified tax certificate has been obtained from the tax paying company. In light of the above, as a general rule, the right of the Greek State to impose taxes up to tax year 2012 (included) has been time-barred for the Bank at 31 December 2018.

Deferred taxes

Deferred 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 tax is as follows:

	30 June 2019 € million
Balance at 1 January	**4,903**
Income statement credit/(charge)	22
Investment securities at FVOCI	(91)
Cash flow hedges	4
Balance at 30 June	**4,838**

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

	30 June 2019 € million	31 December 2018 € million
Impairment/valuation relating to loans and accounting write-offs	1,465	3,124
PSI+ tax related losses	1,126	1,151
Losses from disposals and crystallized write-offs of loans	2,021	265
Other impairments/valuations through the income statement	244	248
Unused tax losses	-	62
Costs directly attributable to equity transactions	20	23
Cash flow hedges	19	15
Defined benefit obligations	13	12
Real estate properties and equipment	(19)	(15)
Investment securities at FVOCI	(115)	(24)
Other	64	42
Net deferred tax	**4,838**	4,903

In the second quarter of 2019, the Bank proceeded with the securitization of certain loan portfolios (Project Pillar and Cairo, note 21). Based on the contractual terms of the issued notes, the related impairment losses were considered as crystalized for tax purposes, resulting in the significant increase of the deferred tax on the above presented category “Losses from disposals and crystallised write-offs of loans” against a decrease in the category “Impairment/valuation relating to loans and accounting write-offs”.

As at 30 June 2019, the deferred tax on the cumulative Bank’s unused tax losses was considered as being non-recoverable due to the securitization of certain loan portfolios for the execution of the acceleration plan for the NPEs reduction and was reversed accordingly.

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

	30 June 2019 € million	30 June 2018 € million
Impairment/valuation relating to loans, disposals and write-offs	**97**	24
Unused tax losses	**(62)**	61
Tax deductible PSI+ losses	**(25)**	(25)
Change in fair value and other temporary differences	**12**	(62)
Deferred income tax (charge)/credit	**22**	(2)

As at 30 June 2019, the Bank recognized net deferred tax assets amounting to € 4.8 bn as follows:

(a) € 1,465 million refer to deductible temporary differences arising from impairment/ valuation relating to loans including the accounting debt write-offs according to the Greek tax law 4172/2013, as in force. These temporary differences can be utilized in future periods with no specified time limit and according to current tax legislation;

(b) € 1,126 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;

(c) € 2,021 million refer to the unamortized part of the crystallized tax losses arising from write-offs and disposals of loans, which are subject to amortization over a twenty-year period, according to the Greek tax law 4172/2013, as in force;

(d) € 20 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

(e) € 206 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 2019, that the Bank will have sufficient future taxable profits, against which 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 2018 and the extrapolated tax results for the year ended 31 December 2019 using the actual tax results for the period ended 30 June 2019. 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 2019, 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 March 2019 and provided outlook of its profitability and capital position for the period up to the end of 2021, taking into consideration the progress in the implementation of the steps/transactions indicated in the Acceleration Plan. 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 2021, 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 gradual repatriation of customer deposits replacing more expensive funding sources, (b) the lower loan impairment losses as a result of the gradual improvement of the macroeconomic conditions in Greece and the strategic initiatives for the accelerated reduction of Non-Performing Exposures (NPEs), in line with the NPEs strategy that the Bank has committed to the SSM, (c) the merger with Grivalia Properties R.E.I.C, the acquisition of Piraeus Bank Bulgaria A.D. ('PBB') and the disposal of 80% stake of Financial Planning Services S.A. ('FPS'), (d) the effectiveness of the continuous cost containment initiatives, and (e) 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 Bank's Business Plan largely depends on the risks and uncertainties that stem from the macroeconomic environment in Greece (note 2).

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

As at 30 June 2019, pursuant to the Law 4172/2013, as in force, the Bank's eligible DTAs/deferred tax credits (DTCs) against the Greek State amounted to € 3,886 million. The DTCs will be converted into directly enforceable claims (tax credit) against the Greek State provided that the Bank's after tax accounting result for the year is a loss. In particular, DTCs are accounted for on: (a) the losses from the Private Sector Involvement (PSI) and the Greek State Debt Buyback Program and (b) on the sum of (i) the unamortized part of the crystallized loan losses from write-offs and disposals, (ii) the accounting debt write-offs and (iii) the remaining accumulated provisions and other losses in general due to credit risk recorded up to 30 June 2015.

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

As of 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 for credit institutions (i.e. 29%) and the tax rate applicable on 30 June 2015 (i.e. 26%). For the period ended 30 June 2019, an amount of € 3.4 million has been recognized in "Other income/(expenses)".

12. Derivative financial instruments

	30 June 2019		31 December 2018	
	Fair values		Fair values	
	Assets	**Liabilities**	Assets	Liabilities
	€ million	**€ million**	€ million	€ million
Derivatives for which hedge accounting is not applied/ held for trading	**2,328**	**1,996**	1,809	1,390
Derivatives designated as fair value hedges	**0**	**653**	1	347
Derivatives designated as cash flow hedges	**31**	**84**	65	159
Total derivatives assets/liabilities	**2,359**	**2,733**	1,875	1,896

As at 30 June 2019, the derivative assets and liabilities increased by € 484 million and € 837 million, respectively, compared to 31 December 2018, mainly as a result of the downward movement of the euro interest rate curve. On the same date, the carrying value of the derivatives with the Hellenic Republic amounted to € 1,559 million (31 December 2018: € 1,189 million).

13. Loans and advances to customers

	30 June 2019	31 December 2018
	€ million	€ million
Loans and advances to customers at amortised cost		
- Gross carrying amount	35,241	37,275
- Impairment allowance	(6,923)	(7,967)
Carrying Amount	**28,318**	29,308
Loans and advances to customers at FVTPL	48	46
Total	**28,366**	29,354

The table below presents the carrying amount of loans and advances to customers per business unit and per stage as at 30 June 2019:

	30 June 2019				31 December 2018
	12-month ECL Stage 1 € million	Lifetime ECL Stage 2 € million	Lifetime ECL-credit-impaired Stage 3 € million	Total amount € million	Total amount € million
Loans and advances to customers at amortised cost					
Mortgage lending:					
- Gross carrying amount	5,781	3,139	3,949	12,869	14,895
- Impairment allowance	(33)	(224)	(1,446)	(1,703)	(2,454)
Carrying Amount	5,748	2,915	2,503	11,166	12,441
Consumer lending:					
- Gross carrying amount	1,388	200	1,121	2,709	2,862
- Impairment allowance	(34)	(72)	(876)	(982)	(1,043)
Carrying Amount	1,354	128	245	1,727	1,819
Small Business lending:					
- Gross carrying amount	1,454	1,159	3,323	5,936	5,850
- Impairment allowance	(14)	(199)	(1,509)	(1,722)	(1,742)
Carrying Amount	1,440	960	1,814	4,214	4,108
Wholesale lending:					
- Gross carrying amount	7,636	1,509	4,582	13,727	13,668
- Impairment allowance	(38)	(107)	(2,371)	(2,516)	(2,728)
Carrying Amount	7,598	1,402	2,211	11,211	10,940
Total loans and advances to customers at AC					
- Gross carrying amount	16,259	6,007	12,975	35,241	37,275
- Impairment allowance	(119)	(602)	(6,202)	(6,923)	(7,967)
Carrying Amount	**16,140**	**5,405**	**6,773**	**28,318**	29,308
Loans and advances to customers at FVTPL					
Carrying Amount				**48**	46
Total				**28,366**	29,354

As at 30 June 2019, the Bank's non performing exposures included in loans and advances to customers at amortised cost were reduced to € 12,975 million (31 December 2018: € 15,208 million) driving the Bank NPE ratio to 36.8% (31 December 2018: 40.8%).

Operational targets for Non-Performing Exposures (NPEs)

In March 2019, Eurobank and the other Greek systemic banks responded to the new regulatory framework and SSM requirements for NPEs management and submitted their new NPE Management Strategy for 2019-21, along with NPE Stock Annual Targets at both bank and, for the first time, group level. Specifically for Eurobank, the new submission has taken into account the NPE reduction acceleration plan that was announced in the context of its transformation plan and aims to achieve a Group NPE ratio of ca. 16% in 2019 and a single digit by 2021.

Furthermore, in March 2019, a new protection scheme on primary residence was voted by the Greek Parliament, which is expected to bolster the Banks' efforts to reduce NPEs through a more effective mechanism to work out troubled loans, a restriction of strategic defaulters and, ultimately, an improvement in payment discipline.

Loans classified as held for sale

In June 2019, the Bank announced that it has entered into a binding agreement with an international investor for the sale of 95% of the mezzanine and junior notes of a securitization of a residential mortgage loan portfolio of ca. € 2 bn gross book value (Project Pillar comprising primarily NPEs). Eurobank shall retain 100% of the senior notes, as well as 5% of the mezzanine and junior notes. Upon closing of the transaction and as a result of the notes' disposal, the Bank will transfer substantially all risks and rewards of ownership and will derecognize the loan portfolio. Consequently, as at 30 June 2019, the portfolio comprising loans with gross carrying amount of € 1,987 million, which carried an impairment allowance of € 845 million, has been classified as held for sale. The net carrying amount of the loan portfolio amounting to € 1,142 million corresponds to its implied valuation based on the nominal value of the senior notes and the sale price of the mezzanine notes according to the terms of the above agreement. The closing of the transaction is subject to SSM approval, and is expected to occur within the third quarter of 2019.

Additionally, during the second quarter of 2019, the Bank received a binding offer for the disposal of non-performing corporate loans. Accordingly, loans with gross carrying amount of € 37 million, which carried an impairment allowance of € 29 million, were classified as held for sale, as their sale was considered highly probable.

14. Investment securities

	30 June 2019 € million	31 December 2018 € million
Investment securities at FVOCI	**4,741**	5,578
Investment securities at amortized cost	**979**	941
Investment securities at FVTPL	**82**	78
Total	**5,802**	6,597

The tables below disclose the carrying amount and the exposure to credit risk of investment securities:

	30 June 2019		
	12-month ECL Stage 1 € million	**Lifetime ECL Stage 2 € million**	**Total € million**
Investment securities at amortised cost			
- Gross carrying amount	**226**	**789**	**1,015**
- Impairment allowance	**(1)**	**(35)**	**(36)**
Carrying Amount	**225**	**754**	**979**
Investment securities at FVOCI			
Carrying Amount	**4,741**	**-**	**4,741**
Total	**4,966**	**754**	**5,720**
Investment securities at FVTPL			
Carrying amount			**82**
Total Investment securities			**5,802**

	31 December 2018		
	12-month ECL Stage 1 € million	Lifetime ECL Stage 2 € million	Total € million
Investment securities at amortised cost			
- Gross carrying amount	217	754	971
- Impairment allowance	(2)	(28)	(30)
Carrying Amount	215	726	941
Investment securities at FVOCI			
Carrying Amount	5,557	21	5,578
Total	5,772	747	6,519
Investment securities at FVTPL			
Carrying amount			78
Total Investment securities			6,597

The investment securities per category are analyzed as follows:

	30 June 2019			
	Investment securities at FVOCI € million	**Investment securities at amortised cost € million**	**Investment securities at FVTPL € million**	**Total € million**
Debt securities				
- Greek government bonds	**2,787**	**979**	**-**	**3,766**
- Other government bonds	**1,403**	**-**	**-**	**1,403**
- Other issuers	**551**	**0**	**4**	**555**
	4,741	**979**	**4**	**5,724**
Equity securities	**-**	**-**	**78**	**78**
Total	**4,741**	**979**	**82**	**5,802**

	31 December 2018			
	Investment securities at FVOCI € million	Investment securities at amortised cost € million	Investment securities at FVTPL € million	Total € million
Debt securities				
- Greek government bonds [(1)]	2,229	940	-	3,169
- Other government bonds	2,790	-	-	2,790
- Other issuers	559	1	4	564
	5,578	941	4	6,523
Equity securities	-	-	74	74
Total	5,578	941	78	6,597

[(1)] *As at 31 December 2018, it includes Greek government treasury bills of € 0.1 million.*

During the period ended 30 June 2019, the Bank recognized € 40 million gains presented in line 'Gains less losses from investment securities', of which € 33 million resulted from debt securities at FVOCI sale transactions and € 7 million mainly from equity instruments disposals. In the comparative period, the Bank had recognized € 42 million gains, mainly as a result of debt securities at FVOCI sale transactions.

In the first half of 2019, the improvement of the credit spreads of the Hellenic Republic debt, resulted in the increase of the fair value of Greek Government Bonds classified at FVOCI.

15. Shares in subsidiaries

Bancpost S.A. and ERB Leasing IFN S.A., Romania

In September 2017, the sale of Bancpost S.A., ERB Retail Services IFN S.A. and ERB Leasing IFN S.A. in Romania (Romanian disposal group) was considered highly probable, therefore, as of 30 September 2017 the Bank's direct holdings in Bancpost S.A. and ERB Leasing IFN S.A. were classified as held for sale.

On 3 April 2018, Eurobank Group (the Seller) and Banca Transilvania (BT) (the Purchaser), in line with their pre-sale agreement in November 2017, concluded all the remaining actions and fulfilled all the conditions precedent for the completion of the transfer of the shares held by the Bank in the above companies to BT.

The resulting loss of € 28 million has been recognized in "Other income/(expenses)" until the year ended 31 December 2018 (of which € 4 million gain has been recognised in the period ended 30 June 2018).

According to the relevant Sale Purchase Agreement (SPA), there are specific indemnity clauses based on which the Purchaser could claim specific amounts, subject to certain limitations on total claims.

Tax audit

According to the tax audit assessment communicated to Bancpost S.A. within July 2018, following the completion of the tax audit for the years 2011-2015, the additional taxes to be paid amounted in total to € 40 million, approximately.

The Group is in close cooperation with BT, which is in the process of challenging the tax audit assessment in courts.

In respect of the above, in the first half of 2019, the Bank has recognized an additional provision of € 5 million (€ 3.6 million after tax), while the accumulated provisions, which have been recognized up to 30 June 2019 amounted to € 20 million.

Romanian National Authority for Consumer Protection (ANPC)

In addition in the second half of 2018, the Romanian National Authority for Consumer Protection (ANPC) imposed three fines totaling € 72 thousand on Bancpost S.A. in connection with complaints raised by certain Bancpost S.A. lending clients, related to portfolios of performing loans which were assigned by Bancpost S.A. to ERB New Europe Funding II (an entity in the Netherlands controlled by Eurobank) in 2008.

In the first half of 2019, the first instance court admitted BT's complaints (as legal successor to Bancpost S.A.) against ANPC in all three aforementioned cases, ruling that the relevant penalties imposed on Bancpost S.A. are cancelled. ANPC already appealed against the first instance rulings in two of the cases and it is expected ANPC will appeal against the first instance ruling also in the third case.

Further information in relation to the sale of Bancpost S.A. and ERB Leasing IFN S.A. is provided in note 25 of the financial statements for the year ended 31 December 2018.

Eurobank Property Services S.A., Greece

In January 2019, the Bank and Cerved Credit Management Group S.r.l. (Cerved) signed a binding agreement in the context of which Cerved would acquire the entire share capital of Eurobank Property Services S.A. in Greece (EPS) and its subsidiaries Eurobank Property Services S.A. in Romania and ERB Property Services d.o.o. Beograd in Serbia from Eurobank. EPS Greece has also been appointed as real estate servicer for Eurobank for the next five years with respect to all real estate valuation activities and other services. The transaction was completed in April 2019 via the acquisition from Cerved, for a consideration of € 8 million, of the entire share capital of EPS with a resulting gain of € 6.4 million recognized in "other income/expenses". Further consideration of up to € 5 million in the form of earn – out will be due upon reaching certain economic results and conditions in the timeframe until 2023. The transaction was in line with the Bank's strategy to focus on its core operations, adopting an outsourcing business model in relation to real estate services.

Modern Hoteling, Greece

In February 2019, the Bank signed a pre- agreement with third party for the disposal of its participation (100%) in Modern Hoteling. Based on the above agreement, a share capital increase took place in March 2019, which was covered by the purchaser in order for the company's debt to be fully repaid to the Bank. Upon completion of the share capital increase, the Bank's participation in the company decreased to 41% and based on the relevant share purchase agreement signed in the same month, the disposal of the company was completed, with a resulting gain of € 2.1 million recognized in "other income/expenses".

Acquisition of Piraeus Bank Bulgaria A.D. and Piraeus Insurance Brokerage EOOD, Bulgaria

On 7 November 2018, the Bank announced that it had concluded an agreement with Piraeus Bank S.A. for the acquisition of Piraeus Bank Bulgaria A.D. ("PBB"), a subsidiary of Piraeus Bank, by Eurobank's subsidiary in Bulgaria, Eurobank Bulgaria A.D. ("Postbank") (the "Transaction"). In June 2019, the Transaction was completed, after all necessary approvals from the competent authorities were obtained and the Bank's subsidiary Postbank acquired 99.98% of the shares and voting rights of PBB and consequently indirect holding participation of 99.98% in its 100% subsidiary Piraeus Insurance Brokerage EOOD. Further information about the Transaction is provided in note 31 of the consolidated financial statements for the period ended 30 June 2019.

Grivalia Properties REIC S.A., subsidiaries

On 5 April 2019, the General Meetings of the Shareholders of Eurobank and Grivalia Properties REIC approved the merger of the two companies. As of that date, the Bank also obtained control of Grivalia subsidiaries as follows:

- Cloud Hellas Ktimatiki S.A., Greece – 100%
- Staynia Holdings Ltd, Cyprus – 100%
- Grivalia New Europe S.A., Luxembourg – 100%
- Reco Real Property A.D. Beograd, Serbia – 100%
- Eliade Tower S.A., Romania – 99.99%
- Retail Development S.A., Romania – 99.99%
- Seferco Development S.A., Romania – 99.99%
- Piraeus Port Plaza 1 Development S.A., Greece – 51.96%

Further information in relation to the merger of the two companies is provided in note 28.

In the first half of 2019, in the context of the management of the Bank's non performing exposures (NPEs), the following wholly owned subsidiaries were established:

- **Special purpose financing vehicles for the securitization of Bank loans and related real estate companies**

- Cairo No. 1 Finance Designated Activity Company, Cairo No. 2 Finance Designated Activity Company, Cairo No. 3 Finance Designated Activity Company and Pillar Finance Designated Activity Company, Ireland (note 21).

- Cairo Estate I Single Member S.A., Cairo Estate II Single Member S.A., Cairo Estate III Single Member S.A., Pillar Estate Single Member S.A. and Real Estate Management Single Member S.A., Greece

- **Anchor Hellenic Investment Holding Single Member S.A., real estate company, Greece**

Post balance sheet events

In July 2019, in the context of the management of its non performing exposures (NPEs), the Bank: (i) established the wholly owned subsidiaries Vouliagmeni Residence Single Member S.A. and Athinaiki Estate Investments Single Member S.A. in Greece and (ii) acquired 100% of the shares and voting rights of Rhodes Marines S.A., through its subsidiary Anchor Hellenic Investment Holding Single Member S.A.

16. Property, plant and equipment and Investment property

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

	30 June 2019 € million	31 December 2018 € million
Land, buildings, leasehold improvements [(2)]	**381**	182
Furniture, equipment, motor vehicles	**19**	17
Computer hardware, software	**47**	45
Right of use of assets [(1)]	**157**	-
Total property, plant and equipment	**604**	244
Investment property [(2)]	**675**	32
Total	**1,279**	276

[(1)] Following the adoption of IFRS 16 as of 1 January 2019 (note 2). The respective lease liabilities are presented in "other liabilities" (note 22).
[(2)] The increase is mainly related to the merger with Grivalia Properties REIC (note 28).

The movement of investment property is as follows:

	30 June 2019 € million
Cost:	
Balance at 1 January	**41**
Merger with Grivalia (note 28)	**645**
Balance at 30 June	**686**
Accumulated depreciation:	
Balance at 1 January	**(9)**
Charge for the year	**(2)**
Balance at 30 June	**(11)**
Net book value at 30 June	**675**

17. Other assets

	30 June 2019 € million	31 December 2018 € million
Receivable from Deposit Guarantee and Investment Fund	**708**	707
Repossessed properties and relative prepayments	**477**	437
Pledged amount for a Greek sovereign risk financial guarantee	**239**	240
Balances under settlement [2]	**89**	108
Prepaid expenses and accrued income	**95**	70
Income tax receivable[1]	**53**	46
Other guarantees	**58**	44
Investments in associates and joint ventures	**98**	37
Other assets	**129**	77
Total	**1,946**	1,766

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

As at 30 June 2019, other assets net of provisions, amounting to € 129 million, include, among others, receivables related to (a) prepayments to suppliers, (b) public entities, (c) property management activities and (d) legal cases.

The following is the listing of the Bank's associates and joint ventures as at 30 June 2019:

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.		Greece	Real estate	41.67
Global Finance S.A. [(2)]		Greece	Investment financing	9.91
Famar S.A. [(1)]		Luxembourg	Holding company	23.55
Odyssey GP S.a.r.l.		Luxembourg	Special purpose investment vehicle	20.00
Eurolife ERB Insurance Group Holdings S.A. [(2)]		Greece	Holding company	20.00
Alpha Investment Property Commercial Stores S.A.		Greece	Real estate	30.00
Peirga Kythnou P.C.	a	Greece	Real estate	50.00
Piraeus Port Plaza 2	c	Greece	Real estate	49.00
Piraeus Port Plaza 3	c	Greece	Real estate	49.00
Value Touristiki S.A.	c	Greece	Real estate	49.00
Grivalia Hospitality S.A. [(3)]	c	Luxembourg	Real estate	25.00

[(1)] Entities under liquidation at 30 June 2019.

[(2)] Eurolife Insurance group (Eurolife ERB Insurance Group Holdings S.A. and its subsidiaries) and Global Finance group (Global Finance S.A. and its subsidiaries) are considered as Bank's associates.

[(3)] Grivalia Hospitality group (Grivalia Hospitality S.A. and its subsidiaries) is considered as Bank's joint venture.

(a) Peirga Kythnou P.C., Greece

In February 2019, in the context of a debt restructuring, Eurobank and Piraeus Bank S.A. established Peirga Kythnou S.A., to operate as a real estate company in Greece. Based on the contractual terms of the shareholders' agreements and the substance of the arrangement, Peirga Kythnou S.A. will be accounted as a joint venture of the Bank.

(b) Unisoft S.A., Greece

In March 2019, the Bank increased its participation in Unisoft S.A from 18.02% to 29.06%, as a result of the share capital increase performed in the context of the company's debt restructuring scheme. In April 2019, an agreement was signed for the disposal of the entire share capital of Unisoft S.A., for a consideration of € 0.8 million.

(c) Grivalia Properties REIC S.A., joint ventures

On 5 April 2019, the General Meetings of the Shareholders of Eurobank and Grivalia Properties REIC approved the merger of the two companies. As of that date, the Bank also obtained control of Grivalia group and consequently joint control to its joint ventures. Further information in relation to the merger of the two companies is provided in note 28.

18. Due to central banks

	30 June 2019 € million	31 December 2018 € million
Secured borrowing from ECB and BoG	**1,250**	2,050

As at 30 June 2019, the dependency on Eurosystem financing facilities decreased to € 1.3 bn, mainly due to deposits inflows (31 December 2018: € 2.1 bn, of which € 0.5 bn funding from ELA). The Bank has eliminated the use of ELA since the end of January 2019.

19. Due to credit institutions

	30 June 2019 € million	31 December 2018 € million
Secured borrowing from credit institutions	**7,205**	7,909
Borrowings from international financial and similar institutions	**479**	429
Interbank takings	**959**	789
Current accounts and settlement balances with banks	**121**	120
Total	**8,764**	9,247

As at 30 June 2019, secured borrowing from credit institutions refers mainly to transactions with foreign institutions, which were conducted with collaterals Greek and other government securities and covered bonds issued by the Bank (notes 14 and 21). As at 30 June 2019, borrowings from international financial and similar institutions include borrowings from European Investment Bank and other similar institutions.

20. Due to customers

	30 June 2019 € million	31 December 2018 € million
Savings and current accounts	**17,035**	16,187
Term deposits	**12,738**	12,778
Repurchase agreements	**170**	170
Total	**29,943**	29,135

21. Debt securities in issue

	30 June 2019 € million	31 December 2018 € million
Securitisations	**1,261**	1,245
Subordinated notes (Tier 2)	**977**	947
Covered bonds	**507**	499
Medium-term notes (EMTN)	**-**	6
Total	**2,745**	2,697

Securitisations

In the first quarter of 2019, the Bank, through its special purpose financing vehicle Maximus Hellas DAC, proceeded with the upsize of the asset backed securities issue to a total face value of € 1,338 million, of which € 910 million Class A notes were held by an international institutional investor, while € 428 million Class B notes were held by the Bank. As at 30 June 2019, following their partial redemption, the carrying value of Class A notes amounted to € 805 million (31 December 2018: € 654 million).

In addition for the period ended 30 June 2019, following their partial redemption, the carrying value of the asset backed securities issued by the Bank's special purpose financing vehicle Astarti DAC, held by an institutional investor (Class A notes), amounted to € 456 million (31 December 2018: € 591 million).

In June 2019, the Bank through its special purpose financing vehicle Pillar Finance Designated Activity Company, issued asset backed securities of total face value of ca. € 2 bn (of which € 1,044 million senior, € 310 million mezzanine and € 645 million junior notes), collateralized by a portfolio of primarily non performing residential mortgage loans (Project Pillar), which have been fully retained by the Bank. In the same month, the Bank announced that it has signed a binding agreement with Celidoria S.A R.L, an entity ultimately owned by funds whose investment manager is the global investment management firm Pimco, for the sale of 95% of the mezzanine and junior notes of the abovementioned securitization (note 13).

Furthermore, in June 2019, the Bank through its special purpose financing vehicles Cairo No. 1 Finance Designated Activity Company, Cairo No. 2 Finance Designated Activity Company and Cairo No. 3 Finance Designated Activity Company, issued asset backed securities of total face value of ca. € 7.5 bn, collateralized by a mixed assets portfolio of NPEs, which have been fully retained by the Bank. In the same month, the Bank and Bravo Strategies III LLC, an affiliate of Celidoria, agreed to enter into exclusive negotiations for the sale of 20% of the mezzanine and junior notes of the abovementioned securitization (Project Cairo) and the sale of a majority stake in the Bank's subsidiary Financial Planning Services S.A. (Project Europe). The parties intend to conclude the agreement within the third quarter of 2019.

Tier 2 Capital instruments

In January 2018, the Bank issued Tier 2 capital instruments of face value of € 950 million, in replacement of the preference shares which had been issued in the context of the first stream of Hellenic Republic's plan to support liquidity in the Greek economy under Law 3723/2008. The aforementioned instruments, which have a maturity of ten years (until 17 January 2028) and pay fixed nominal interest rate of 6.41% (recognized in the income statement), that shall be payable semi-annually, as at 30 June 2019, amounted to € 977 million, including € 4 million unamortized issuance costs and € 31 million accrued interest.

Covered bonds

During the period ended 30 June 2019, the Bank proceeded with the partial cancellation of covered bonds of face value of € 150 million, previously retained 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).

Medium-term notes (EMTN)

In the first quarter of 2019, medium term notes of face value of € 7 million, issued by the Bank and held by a Bank's subsidiary, ERB Hellas (Cayman Islands) Ltd, matured.

22. Other liabilities

	30 June 2019 € million	31 December 2018 € million
Lease liabilities [1]	158	-
Balances under settlement [2]	168	151
Other provisions	128	122
Deferred income and accrued expenses	110	62
Standard legal staff retirement indemnity obligations	44	43
Employee termination benefits [3]	47	8
ECL allowance for credit related commitments	294	305
Sovereign risk financial guarantee	42	43
Other liabilities	113	138
Total	**1,104**	872

[1] Following the adoption of IFRS 16 as of 1 January 2019 (note 2).

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

[3] For the year ended 31 December 2018, obligations for employee termination benefits arising from VES were presented within other provisions.

As at 30 June 2019, other liabilities amounting to € 113 million mainly consist of payables relating with (a) suppliers and creditors, (b) contributions to insurance organizations, (c) duties and other taxes and (d) trading liabilities.

As at 30 June 2019, other provisions amounting to € 128 million (31 December 2018: € 122 million) mainly include: € 49 million for outstanding litigations and claims in dispute (note 27), (b) € 44 million for other operational risk events, of which € 36 million relates to the sale of Romania disposal group and (c) € 34 million for the participation in share capital increases of Bank's subsidiaries with negative net assets value, which are necessary for the continuity of their operations.

For the period ended 30 June 2019, an amount of € 42 million has been recognised in the Bank's income statement for employee termination benefits in respect of the Voluntary Exit Scheme (VES) launched by the Bank in May 2019. The new VES has been offered to employees over an age limit as well as to employees of specific eligible Bank units independent of age and will be implemented through either lump-sum payments or long term leaves during which the employees will be receiving a percentage of a monthly salary, or a combination thereof.

In respect of the Voluntary Exit Scheme (VES) that was initiated during the previous years, the Bank recognised an additional cost of € 10 million in the first half of 2019. Further information is provided in note 34 of the financial statements for the year ended 31 December 2018.

23. Share capital and share premium

As at 30 June 2019, the par value of the Bank's shares is € 0.23 per share (31 December 2018: € 0.30). All shares are fully paid. The movement of share capital, share premium and number of shares is as follows:

	Share capital € million	Share premium € million	Number of issued shares
Balance at 1 January	**656**	**8,056**	**2,185,998,765**
Share capital increase, following the merger with Grivalia Properties REIC	197	-	1,523,163,087
Balance at 30 June	**853**	**8,056**	**3,709,161,852**

On 5 April 2019, the Extraordinary General Meeting of the Bank's Shareholders approved the merger of the Bank with Grivalia Properties REIC (note 28) by absorption of the latter by the former and resolved the increase of the share capital of the Bank by:

a) € 165 million, which corresponds to the share capital of Grivalia Properties REIC; and
b) € 32 million, derived from taxed profits for rounding reasons of the nominal value of the new common share of the Bank, which is amended from € 0.30 to € 0.23.

Following the above increases, the Bank's total share capital amounts to € 853 million divided into 3,709,161,852 common voting shares of nominal value of € 0.23 each.

Treasury shares

According to paragraph 1 of Article 16c of Law 3864/2010, during the period of the participation of the HFSF in the share capital of the Bank it is not permitted to the Bank to purchase treasury shares without the approval of the HFSF.

24. Hybrid capital

The movement 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 2019 is analyzed as follows:

	Series A € million	Series B € million	Series C € million	Series D € million	Total € million
Balance at 30 June	**2**	**4**	**17**	**19**	**42**

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. Following the redemption of the Greek State – owned preference shares (note 21) on 17 January 2018, and in accordance with the terms of the preferred securities, ERB Hellas Funding Ltd declared and paid the non-cumulative dividends of € 1.4 million (€ 1.2 million after tax) in total on the Series A, B, C and D. As at 30 June 2019, the dividend attributable to preferred securities holders amounted to € 1.4 million (€ 1.2 million, after tax).

Post balance sheet events

ERB Hellas Funding proceeded with the payment of non-cumulative dividends of € 0.7 million in total on series C, D and B on 9 July, 29 July and 2 August 2019, respectively.

In April 2019, the Board of Directors of ERB Hellas Funding decided to proceed with the redemption of all four series of the preferred securities issued. The relevant regulatory announcement of its intention was released on 23 April 2019. Accordingly, on 29 May and 21 June 2019, a notice for the redemption of series C and B preferred securities was given to the holders and the notes were redeemed on 9 July and 2 August 2019 respectively. Pursuant to the terms of each issue, the next available call dates for the redemption of series D and A preferred securities are 29 October 2019 and 18 March 2020, respectively.

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

(a) Level 1-Financial instruments measured based on quoted prices (unadjusted) in active markets for identical financial instruments that the 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 held or issued by the Bank, equity and derivative instruments traded on exchanges, as well as mutual funds that have regularly and frequently published quotes.

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

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

Financial instruments measured at fair value

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

	30 June 2019			
	Level 1	Level 2	Level 3	Total
	€ million	€ million	€ million	€ million
Securities held for trading	32	-	-	32
Investment securities at FVTPL	16	12	54	82
Derivative financial instruments	0	2,359	0	2,359
Investment securities at FVOCI	4,668	73	-	4,741
Loans and advances to customers mandatorily at FVTPL	-	-	48	48
Financial assets measured at fair value	**4,716**	**2,444**	**102**	**7,262**
Derivative financial instruments	0	2,733	-	2,733
Trading liabilities	7	-	-	7
Financial liabilities measured at fair value	**7**	**2,733**	**-**	**2,740**

	31 December 2018			
	Level 1	Level 2	Level 3	Total
	€ million	€ million	€ million	€ million
Securities held for trading	18	0	-	18
Investment securities at FVTPL	20	6	52	78
Derivative financial instruments	0	1,874	1	1,875
Investment securities at FVOCI	5,493	85	-	5,578
Loans and advances to customers mandatorily at FVTPL	-	-	46	46
Financial assets measured at fair value	5,531	1,965	99	7,595
Derivative financial instruments	0	1,896	-	1,896
Trading liabilities	4	-	-	4
Financial liabilities measured at fair value	4	1,896	-	1,900

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 material transfers between levels during the first half of 2019.

Reconciliation of Level 3 fair value measurements

	30 June 2019
	€ million
Balance at 1 January	**99**
Additions, net of disposals and redemptions	8
Total gain/(loss) for the period included in profit or loss	(4)
Foreign exchange differences and other	(1)
Balance at 30 June	**102**

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 such 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.

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

Loans and advances to customers which contractual cash flows do not represent solely payments of principal and interest (SPPI failures), are measured mandatorily at fair value through profit or loss. Quoted market prices are not available as there are no active markets where these instruments are traded. Their fair values are estimated on an individual loan basis by discounting the future expected cash flows over the time period they are expected to be recovered, using an appropriate discount rate. Expected cash flows, which incorporate credit risk, represent significant unobservable input in the valuation and as such, the entire fair value measurement is categorized as Level 3 in the fair value hierarchy. A reasonably possible increase/decrease in those recovery rates by +5%/-5% would increase/decrease the total fair value measurement by € 2.2 million.

Financial instruments not measured at fair value

The fair value hierarchy categorization of the Bank's financial assets and liabilities not measured at fair value on the balance sheet, is presented in the following tables:

	30 June 2019	
	Carrying amount € million	Fair value € million
Loans and advances to customers	**28,318**	**28,368**
Investment securities at amortized cost	**979**	**642**
Financial assets not measured at fair value	**29,297**	**29,010**
Debt securities in issue held by third party investors	**2,745**	**2,614**
Financial liabilities not measured at fair value	**2,745**	**2,614**

	31 December 2018	
	Carrying amount € million	Fair value € million
Loans and advances to customers	29,308	29,270
Investment securities at amortized cost	941	392
Financial assets not measured at fair value	30,249	29,662
Debt securities in issue held by third party investors	2,691	2,479
Financial liabilities not measured at fair value	2,691	2,479

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

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

(c) Debt securities in issue: the fair values of the debt securities in issue are determined using quoted market prices, if available. If quoted prices are not available, fair values are determined based on quotes for similar debt securities or by discounting the expected cash flows at a risk-adjusted rate, where the 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 2019 € million	31 December 2018 € million
Cash and balances with central banks (excluding mandatory and collateral deposits with central banks)	**729**	352
Due from credit institutions	**138**	138
Securities held for trading	**1**	-
Total	**868**	490

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

	30 June 2019 € million	30 June 2018 € million
Amortisation of premiums/discounts and accrued interest	**56**	(25)
(Gains)/losses from investment securities	**(40)**	(42)
Dividends	**(1)**	(1)
Total	**15**	(68)

As of 1 January 2019, following the adoption of IFRS 16, cash payments for the principal portion of the lease liabilities are classified within financing activities.

27. Contingent liabilities and commitments

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

Credit related commitments are analyzed as follows:

	30 June 2019 € million	31 December 2018 € million
Financial guarantees contracts	**964**	971
Financial guarantees contracts given to Bank SPVs' issuing EMTNs	**83**	87
Commitments to extend credit	**301**	172
Other credit related commitments	**271**	254
Total	**1,619**	1,484

As of 30 June 2019, the credit related commitments within the scope of IFRS 9 impairment requirements amounted to € 4.4 bn, including revocable loan commitments of € 2.2 bn and guarantees of € 0.7 bn relating to the lending activities of banking subsidiaries for which the equivalent pledged amount is presented within "Due from credit institutions". The corresponding allowance for impairment losses of the above credit related commitments amounts to € 294 million (31 December 2018: € 305 million).

In addition, the Bank has issued a sovereign risk financial guarantee of € 0.24 bn (31 December 2018: € 0.24 bn) for which an equivalent amount has been deposited under the relevant pledge agreement (note 17).

Legal proceedings

As at 30 June 2019, a provision of € 49 million has been recorded for a number of legal proceedings outstanding against the Bank (31 December 2018: € 50 million), as set out in note 22. The said amount includes € 34 million for an outstanding litigation related to the acquisition of New TT Hellenic Postbank S.A. in 2013 (31 December 2018: € 34 million).

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

Against the Bank various legal remedies and redresses have been filed amongst others in the form of lawsuits, applications for injunction measures, motions to vacate payment orders and appeals in relation to the validity of clauses for the granting of loans in Swiss Francs. A class action has also been filed by a consumer union. To date the vast majority of the judgments issued by the first instance and the appellate Courts have found in favour of the Bank's positions. On the class action, a judgment of the Athens Court of Appeals was issued in February 2018, which was in favour of the Bank and rejected the lawsuit on its merits. The judgment has been challenged by the consumer unions with an appeal which was scheduled to be heard before the Supreme Court on 20 May 2019. The hearing was cancelled due to the elections held on 26 May 2019, while a new date has not been set. As to certain aspects of Swiss Francs loans there was also a pending lawsuit before the Supreme Court at plenary session which was initiated from an individual lawsuit. The Decision issued on 18 April 2019 was in favour of the Bank.

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

28. Other significant and post balance sheet events

Merger of Eurobank with Grivalia

On 26 November 2018, the Boards of Directors ("BoD") of Eurobank Ergasias S.A. ("Eurobank") and Grivalia Properties REIC ("Grivalia") announced that they unanimously decided to commence the merger of the two companies by absorption of Grivalia by Eurobank (the "Merger"). Grivalia was a real estate investment company under Law 2778/1999, as in force, incorporated in Greece. The business of Grivalia along with its subsidiaries (Grivalia group, note 15) and its joint ventures (note 17) was the acquisition, management and leasing out of investment property portfolio located in Greece, in Central Eastern Europe and in Central America.

On 7 February 2019, the European Commission (DG Competition) decided that the Merger is in line with Eurobank's commitments and State Aid rules considering that the strengthening of its capital base through the Merger will enable Eurobank to significantly reduce its non-performing loans in the near future.

On 22 February 2019, the BoD of Eurobank and Grivalia approved the Draft Merger Agreement for the absorption of Grivalia by Eurobank according to the provisions of Greek laws 2166/1993 and 2515/1997, as in force, as well as the applicable Company Law. The proposed share exchange ratio was 15.80000000414930 new Eurobank ordinary registered shares for every 1 Grivalia ordinary registered share, while Eurobank shareholders retain the number of Eurobank ordinary shares they held before the Merger. Accordingly, with respect to the new share capital of Eurobank, 2,185,998,765 shares are allocated to the shareholders of Eurobank and 1,523,163,087 to the shareholders of Grivalia.

On 5 April 2019, the Extraordinary General Meeting of the shareholders of Eurobank resolved, among others (a) the approval of the Merger of the Bank with Grivalia by absorption of the latter by the former, (b) the approval of the Draft Merger Agreement, as it was approved by the BoD of the merging companies and (c) the increase of the share capital of the Bank by € 197 million (note 23).

The Merger was accounted for as a business combination using the purchase method of accounting. The date on which the Shareholders General Meetings of both companies approved the merger, i.e. 5 April 2019 has been determined as the acquisition date as it is considered the date that Eurobank obtained control of Grivalia.

The consideration of the transaction amounting to € 1,094.4 million has been calculated as the fair value of the 1,523,163,087 Eurobank new ordinary shares with reference to Eurobank's share market price on the acquisition date (i.e. € 0.7185).

The fair value measurement of the assets acquired and liabilities assumed has been provisionally determined and is close to finalization. Upon acquisition, their provisional fair values are presented in the table below:

	Fair value (Provisional values) € million
Assets	
Due from credit institutions [(1)]	**20**
Shares in subsidiary undertakings	**141**
Property, plant and equipment and investment property	**843**
Other assets [(2)]	**84**
Total assets	**1,088**
Liabilities	
Due to credit institutions	**191**
Other liabilities	**25**
Total liabilities	**216**
Shareholders' equity	**872**
Total equity and liabilities	**1,088**

[(1)] *It includes € 1 million cash and cash equivalents.*

[(2)] *It mainly includes investments in associates and joint ventures amounting to € 60 million as well as trade and other receivables of gross carrying amount of € 26 million for which a provision of € 1,7 million has been recognized.*

The difference between: (a) the total consideration of € 1,094.4 million and (b) the net identifiable assets acquired (provisional fair values of assets and liabilities as stated above) of € 872 million, results in the recognition of a temporary goodwill of € 222 million, which is expected to be finalized by the year end. This is not deductible for income tax purposes and is included in intangible assets. Following the Merger, Eurobank's equity increased by € 1,087 million net of € 7 million related costs. The Merger enhances Eurobank's capital position (note 4) and its earnings capacity, which in turn enables the acceleration of its NPEs reduction plan. In addition, through the Merger, the Bank is allowed to deploy Grivalia's best in class real estate management skills to its real estate assets, in particular to its repossessed assets, which is critical for the management of NPEs.

The results of Grivalia operations are incorporated in the Bank's financial statements prospectively, as of 1 April 2019. If the acquisition had occurred on 1 January 2019, the Grivalia would have contributed net profit of ca. € 7 million to the Bank for the period from 1 January 2019 up to 31 March 2019. As of 1 April 2019, the revenues from the investment property portfolio acquired from Grivalia are presented within the line "Income from non banking services" of the income statement. The Merger was approved on 17 May 2019 by the Ministry of Finance and Development and was registered, on the same day, in the General Commercial Registry. The trading of the 1,523,163,087 new common voting shares of nominal value € 0.23 each was initiated at Athens Exchange on 23 May 2019.

As a result of the Merger, Fairfax group, which before the Merger held 18.40% and 54.02% in Eurobank and Grivalia, respectively, becomes the largest shareholder in the merged entity with a 33.03% shareholding (note 29).

Agreement with the Real estate management company

On 22 February 2019, the Board of Directors of Eurobank also approved the upcoming agreement (SLA), pursuant to article 100 of Greek Law 4548/2018, of the Bank with the company to be incorporated under the name "Grivalia Management Company SA" (the "Company"). The Company was established in March 2019 and is a related party to Eurobank, since a member of the Bank's Board of Directors holds the majority (70%) of the shares of the Company and is an executive member of the board of directors of the Company.

The Bank has concluded a 10-year advisory services agreement with Grivalia Management Company S.A. for the combined real estate portfolio of the merged entities, that came into force following the completion of the Merger. The related services assigned to the Company under this agreement mainly refer to advisory services relating to the acquisition, transfer, lease, management development and strategic planning of the management of real estate assets, including the preparation of the annual budget and the supervision of Eurobank's contractors and advisors. Following a specific mandate, the Company will also undertake certain implementation actions. According to the SLA, total fees that will be charged by the Company based on cost and performance criteria, including a minimum service fee of € 9.35 million for the combined own used and investment property portfolio and a fee related to repossessed assets, shall not exceed € 12 million (excluding VAT) per annum.

Further information on the above transactions is provided in the regulatory announcements on the Bank's website dated 26 November 2018 and 8 February, 25 February, 1 March, 5 April and 17 May 2019.

Corporate Transformation-Hive down

In the context of the NPE reduction acceleration plan, as announced in November 2018, the BoD of the Bank ("Demerged Entity") on 28 June 2019 decided the initiation of the hive down process of the banking sector of Eurobank and its transfer to a new company-credit institution that will be established ("the Beneficiary").

Post balance sheet event

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

The Demerged Entity will maintain activities and assets that are not related to the main banking activities but are mainly related to the strategic planning of the administration of non-performing loans and the provision of services to the Group companies and third parties. Furthermore the Demerged Entity will retain: a) 95% of the mezzanine and junior notes of Projects Pillar and Cairo (note 21), b) the preferred securities (note 24) and c) participations in certain subsidiaries including Be Business Exchanges S.A. and real estate companies related to projects Pillar and Cairo.

Upon the completion of the demerger (i.e. the date of registration with the General Commercial Registry of the relevant approval by the competent Authority), the following shall take place: a) The Beneficiary will be incorporated and the Demerged Entity shall become the shareholder of the Beneficiary by acquiring all the shares issued by the Beneficiary and more specifically 3,683,244,830 common registered shares, of a nominal value of € 1.10 each and b) the Beneficiary substitutes the Demerged Entity, by way of universal succession, to all the transferred assets and liabilities, as set out in the transformation balance sheet of the hived down sector and formed up to the completion of the demerger.

As of 9 August 2019, the Draft Demerger Deed of the Bank, is available on its website as well as the website of the General Commercial Registry.

The completion of the demerger is subject to the required by the Law approval of the General Meeting of the shareholders of the Bank as well as the receipt of all necessary approvals by the competent Authorities.

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

Note 2- Basis of preparation and principal accounting policies
Note 15-Shares in subsidiaries
Note 24-Hybrid Capital
Note 30-Board of Directors

29. Related parties

In May 2019, following the increase of the share capital of the Bank in the context of the merger with absorption of Grivalia Properties REIC (note 28), the percentage of the Bank's ordinary shares with voting rights held by the Hellenic Financial Stability Fund (HFSF) decreased from 2.38% to 1.40%. The HFSF is still considered to have significant influence over the Bank pursuant to the provisions of the Law 3864/2010, as in force, and the Relationship Framework Agreement (RFA) the Bank has entered into with the HFSF. Further information in respect of the HFSF rights based on the aforementioned framework is provided in the section "Report of the Directors and Corporate Governance Statement" of the Annual Financial Report for the year ended 31 December 2018.

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 2019			31 December 2018		
	Subsidiaries € million	KMP [1] and entities controlled or jointly controlled by KMP € million	Associates and joint ventures € million	Subsidiaries € million	KMP [1] and entities controlled or jointly controlled by KMP € million	Associates and joint ventures € million
Due from credit institutions	**828.62**	-	-	1,263.38	-	-
Derivative financial instruments assets	**11.34**	-	-	4.56	-	-
Investment securities	**0.28**	-	-	0.46	-	-
Loans and advances to customers	**1,460.53**	**6.73**	**10.75**	1,370.91	7.19	0.83
Other assets	**4.59**	-	**5.27**	5.18	-	6.86
Due to credit institutions	**2,452.22**	-	-	3,082.19	-	-
Derivative financial instruments liabilities	**0.86**	-	-	5.03	-	-
Due to customers	**439.85**	**11.66**	**57.39**	405.53	3.35	44.40
Debt securities in issue	-	-	-	6.72	-	-
Other liabilities	**252.68**	-	**2.65**	299.47	-	1.88
Guarantees issued-loan commitments [3]	**624.26**	**0.01**	-	515.83	-	-
Guarantees received	-	**0.03**	-	-	0.03	-

	Six months ended 30 June 2019			Six months ended 30 June 2018		
Net interest income	**(1.27)**	**0.01**	**(2.35)**	(3.58)	0.02	(3.61)
Net banking fee and commission income	**5.54**	-	**6.23**	2.24	-	5.40
Dividend income	-	-	**3.00**	0.64	-	16.08
Net trading income	**0.68**	-	**0.19**	(0.15)	-	0.01
Gains less losses from investment securities	-	-	-	-	-	0.55
Other operating income/(expenses) [4]	**3.73**	**(4.35)**	**(12.08)**	0.99	-	(11.36)
Impairment losses relating to loans and advances and collectors' fees	**(25.93)**	-	**(3.58)**	(31.72)	-	(7.82)

(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 note 15.
(3) Furthermore as of 30 June 2019, € 0.8 bn guarantees have been issued relating mainly to the lending activities of banking subsidiaries for which the equivalent pledged amount is included above in "Due from credit institutions" (2018: € 1.2 bn).
(4) The amount of € 4.35 million reported for entities controlled by KMP is related to the services agreement with Grivalia Management Company S.A. (note 28).

For the period ended 30 June 2019, there were no material transactions with the HFSF. In addition, as at 30 June 2019 the loans, net of provisions, granted to entities controlled by the Bank pursuant to the terms of the relevant share pledge agreements amounted to € 3.2 million (31 December 2018: € 3.3 million).

In the second quarter of 2019, the Bank proceeded with the purchase of loans at amortized cost of gross carrying amount of € 280 million and loans at FVTPL of € 4 million from its subsidiary ERB New Europe Funding II B.V.

For the period ended 30 June 2019, an impairment loss of € 7.6 million has been recognised in respect of the Bank's loans, receivables and the credit related commitments to its subsidiaries, associates and joint ventures, mainly to reflect the carrying values of their loans' portfolios. As at 30 June 2019, the respective impairment allowance amounted to € 292 million (31 December 2018: € 300 million).

Following the completion of the merger of Eurobank with Grivalia Properties REIC (note 28), Fairfax group holds 33.03% in Eurobank and is expected to have the ability to exercise significant influence over the Bank, subject to the required regulatory approvals in relation to the increase of its shareholding as a result of the merger.

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 € 3.02 million (30 June 2018: € 3.02 million) and long-term employee benefits of € 0.47 million (30 June 2018: € 0.44 million). In addition, the Bank has formed a defined benefit obligation for the KMP amounting to € 1.63 million as at 30 June 2019 (31 December 2018: € 1.68 million), while the respective cost for the period amounts to € 0.05 million (30 June 2018: € 0.05 million).

30. Board of Directors

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

Further to that:

- The BoD by its decisions dated 29 March and 1 April 2019, appointed Mr. George Zanias as new non-executive Director and Chairman of the BoD in replacement of the resigned Chairman Mr. N. Karamouzis. The appointment of Mr. George Zanias was announced to the Extraordinary General Meeting of the Shareholders of the Bank (EGM) held on 5 April 2019 and his term of office will expire concurrently with the term of office of the other members of the BoD.
- Following the resignation of Ms. Lucrezia Reichlin, effective as of 1 April 2019, the BoD of the Bank decided on 1 April 2019 not to replace her and the continuation of the management and representation of the Bank by the BoD without her replacement.
- The EGM of the Shareholders of the Bank held on 5 April 2019 approved the appointment of Mr. Nikolaos Bertsos as new independent non-executive member of the Bank's BoD, whose term of office will expire concurrently with the term of office of the other members of the BoD. Same day (5 April 2019), the BoD decided its constitution as a body.
- The BoD by its decision dated 31 July 2019, appointed Mr. Konstantinos Angelopoulos as the new representative of the HFSF to Eurobank's BoD in replacement of the resigned Ms. Aikaterini Beritsi, according to the provisions of Law 3864/2010 and the Relationship Framework Agreement signed between Eurobank and HFSF.

Following the above, the BoD is as follows:

G. Zanias	Chairman, Non-Executive
G. Chryssikos	Vice Chairman, Non-Executive
F. Karavias	Chief Executive Officer
S. Ioannou	Deputy Chief Executive Officer
T. Kalantonis	Deputy Chief Executive Officer
K. Vassiliou	Deputy Chief Executive Officer
B. P. Martin	Non-Executive
N. Bertsos	Non-Executive Independent
R. Boucher	Non-Executive Independent
R. Kakar	Non-Executive Independent
J. Mirza	Non-Executive Independent
G. Myhal	Non-Executive Independent
K. Angelopoulos	Non-Executive (HFSF representative under Law 3864/2010)

Athens, 28 August 2019

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