EUROBANK ERGASIAS SERVICES and HOLDINGS S.A.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED

30 SEPTEMBER 2020

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Interim Consolidated Balance Sheet

	Note	30 September 2020 € million	31 December 2019 € million
ASSETS			
Cash and balances with central banks		**5,591**	4,679
Due from credit institutions		**3,827**	3,007
Securities held for trading		**59**	110
Derivative financial instruments	14	**2,502**	2,262
Loans and advances to customers	15	**36,988**	37,365
Investment securities	16	**8,851**	7,951
Investments in associates and joint ventures	18	**302**	235
Property and equipment	19	**745**	746
Investment property	19	**1,413**	1,184
Goodwill and other intangible assets		**395**	378
Deferred tax assets	12	**4,732**	4,766
Other assets	20	**1,995**	2,003
Assets of disposal groups classified as held for sale	13	**54**	75
Total assets		**67,454**	64,761
LIABILITIES			
Due to central banks	21	**8,009**	1,900
Due to credit institutions	22	**1,554**	5,022
Derivative financial instruments	14	**2,965**	2,726
Due to customers	23	**46,156**	44,841
Debt securities in issue	24	**2,175**	2,406
Other liabilities	25	**1,247**	1,191
Liabilities of disposal groups classified as held for sale	13	**-**	8
Total liabilities		**62,106**	58,094
EQUITY			
Share capital	26	**816**	852
Share premium	26	**8,055**	8,054
Reserves and retained earnings		**(3,523)**	(2,241)
Preferred securities	27	**-**	2
Total equity		**5,348**	6,667
Total equity and liabilities		**67,454**	64,761

Notes on pages 6 to 54 form an integral part of these interim consolidated financial statements

Interim Consolidated Income Statement

	Note	Nine months ended 30 September 2020 € million	Nine months ended 30 September 2019 Restated[(1)] € million	Three months ended 30 September 2020 € million	Three months ended 30 September 2019 Restated[(1)] € million
Net interest income	7	**1,020**	1,031	**331**	346
Net banking fee and commission income	8	**213**	209	**73**	75
Income from non banking services	19	**63**	41	**23**	19
Net trading income/(loss)		**(1)**	(9)	**(10)**	(3)
Gains less losses from investment securities	16	**233**	66	**184**	22
Other income/(expenses)	12,13,15,19	**237**	27	**10**	(6)
Operating income		**1,765**	1,365	**611**	453
Operating expenses	9	**(647)**	(664)	**(213)**	(226)
Profit from operations before impairments, provisions and restructuring costs		**1,118**	701	**398**	227
Impairment losses relating to loans and advances to customers	10	**(1,935)**	(493)	**(155)**	(145)
Other impairment losses and provisions	11	**(24)**	(33)	**(6)**	(19)
Restructuring costs	11	**(135)**	(85)	**(124)**	(4)
Share of results of associates and joint ventures		**22**	17	**15**	14
Profit/(loss) before tax		**(954)**	107	**128**	73
Income tax	12	**(127)**	(10)	**(43)**	(12)
Net profit/(loss) from continuing operations		**(1,081)**	97	**85**	61
Net profit/(loss) from discontinued operations	13	**-**	(3)	**-**	1
Net profit/(loss) attributable to shareholders		**(1,081)**	94	**85**	62
		€	**€**	**€**	**€**
Earnings/(losses) per share					
-Basic and diluted earnings/(losses) per share	6	**(0.29)**	0.03	**0.02**	0.02
Earnings/(losses) per share from continuing operations					
-Basic and diluted earnings/(losses) per share	6	**(0.29)**	0.03	**0.02**	0.02

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

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Interim Consolidated Statement of Comprehensive Income

	Nine months ended 30 September				Three months ended 30 September			
	2020		2019 Restated[1]		**2020**		2019 Restated[1]	
	€ million		€ million		**€ million**		€ million	
Net profit/(loss)		**(1,081)**		94		**85**		62
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	**(6)**		3		**1**		2	
- transfer to net profit, net of tax	**(2)**	**(8)**	(15)	(12)	**-**	**1**	(4)	(2)
Debt securities at FVOCI								
- changes in fair value, net of tax (note 16)	**156**		730		**28**		283	
- transfer to net profit, net of tax (note 16)	**(305)**	**(149)**	(371)	359	**(135)**	**(107)**	(155)	128
Foreign currency translation								
- foreign operations' translation differences	**(0)**	**(0)**	3	3	**(0)**	**(0)**	2	2
Associates and joint ventures								
- changes in the share of other comprehensive income, net of tax	**(27)**	**(27)**	50	50	**(18)**	**(18)**	13	13
		(184)		400		**(124)**		141
Items that will not be reclassified to profit or loss:								
- Actuarial gains/(losses) on post employment benefit obligations, net of tax (note 25)	**4**	**4**	-	-	**-**	**-**	-	-
Other comprehensive income		**(180)**		400		**(124)**		141
Total comprehensive income attributable to shareholders:								
- from continuing operations		**(1,261)**		497		**(39)**		202
- from discontinued operations		**-**		(3)		**-**		1
		(1,261)		494		**(39)**		203

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

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	Share capital € million	Share premium € million	Reserves and retained earnings € million	Preferred securities € million	Non controlling interests € million	Total € million
Balance at 1 January 2019, as restated (note 2.2)	655	8,055	(3,709)	42	0	5,043
Net profit (restated, note 2.2)	-	-	94	-	(0)	94
Other comprehensive income	-	-	400	-	0	400
Total comprehensive income for the nine months ended 30 September 2019, as restated	-	-	494	-	(0)	494
Merger with Grivalia Properties REIC	197	-	890	-	-	1,087
Purchase/sale of treasury shares	(0)	(2)	(1)	-	-	(3)
Preferred securities' redemption and dividend paid, net of tax	-	-	(2)	(21)	-	(23)
	197	(2)	887	(21)	-	1,061
Balance at 30 September 2019, as restated [(1)]	852	8,053	(2,328)	21	0	6,598
Balance at 1 January 2020	**852**	**8,054**	**(2,241)**	**2**	**0**	**6,667**
Net profit/(loss)	-	-	(1,081)	-	0	**(1,081)**
Other comprehensive income	-	-	(180)	-	(0)	**(180)**
Total comprehensive income for the nine months ended 30 September 2020	**-**	**-**	**(1,261)**	**-**	**0**	**(1,261)**
Share capital decrease and capitalization of taxed reserves (notes 26 and 31)	(37)	-	(21)	-	-	**(58)**
Purchase/sale of treasury shares (note 26)	1	1	(0)	-	-	**2**
Preferred securities' redemption and dividend paid, net of tax	-	-	(0)	(2)	-	**(2)**
	(36)	**1**	**(21)**	**(2)**	**-**	**(58)**
Balance at 30 September 2020	**816**	**8,055**	**(3,523)**	**-**	**0**	**5,348**
	Note 26	Note 26		Note 27		

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

Notes on pages 6 to 54 form an integral part of these interim consolidated financial statements

Interim Consolidated Cash Flow Statement

	Note	Nine months ended 30 September 2020 € million	2019 Restated[1] € million
Cash flows from continuing operating activities			
Profit/(loss) before income tax from continuing operations (note 2.2)		**(954)**	107
Adjustments for :			
Impairment losses relating to loans and advances to customers	10	**1,935**	493
Other impairment losses, provisions and restructuring costs (note 2.2)	11	**159**	118
Depreciation and amortisation (note 2.2)	9	**81**	82
Other (income)/losses on investment securities	29	**(186)**	(28)
(Income)/losses on debt securities in issue	29	**28**	27
Valuation of investment property	19	**(14)**	-
Other adjustments	29	**(234)**	(50)
		815	749
Changes in operating assets and liabilities			
Net (increase)/decrease in cash and balances with central banks		**(14)**	(61)
Net (increase)/decrease in securities held for trading		**51**	(82)
Net (increase)/decrease in due from credit institutions		**(179)**	(1,152)
Net (increase)/decrease in loans and advances to customers		**(1,406)**	(679)
Net (increase)/decrease in derivative financial instruments		**62**	54
Net (increase)/decrease in other assets		**(78)**	(205)
Net increase/(decrease) in due to central banks and credit institutions		**2,621**	(637)
Net increase/(decrease) in due to customers		**1,117**	2,125
Net increase/(decrease) in other liabilities		**(71)**	(41)
		2,103	(678)
Income tax paid		**(25)**	(29)
Net cash from/(used in) continuing operating activities		**2,893**	42
Cash flows from continuing investing activities			
Acquisition of fixed and intangible assets	19	**(237)**	(85)
Proceeds from sale of fixed and intangible assets		**14**	25
(Purchases)/sales and redemptions of investment securities		**(1,034)**	1,266
Acquisition of subsidiaries and Grivalia, net of cash acquired		**(8)**	450
Acquisition of holdings in associates and joint ventures and participations in capital increases	18	**(15)**	(1)
Disposal of subsidiaries, net of cash disposed	13	**211**	9
Dividends from investment securities, associates and joint ventures		**4**	4
Net cash from/(used in) continuing investing activities		**(1,065)**	1,668
Cash flows from continuing financing activities			
(Repayments)/proceeds from debt securities in issue	24	**(259)**	(144)
Repayment of lease liabilities		**(28)**	(30)
Redemption of preferred securities	27	**(2)**	(22)
Preferred securities' dividend paid	27	**(0)**	(2)
(Purchase)/sale of treasury shares		**1**	(3)
Net cash from/(used in) continuing financing activities		**(288)**	(201)
Effect of exchange rate changes on cash and cash equivalents		**0**	1
Net increase/(decrease) in cash and cash equivalents from continuing operations		**1,540**	1,510
Cash and cash equivalents at beginning of period	29	**4,551**	1,949
Cash and cash equivalents at end of period	29	**6,091**	3,459

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

Notes on pages 6 to 54 form an integral part of these interim consolidated financial statements

1. General information

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

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

These interim consolidated financial statements were approved by the Board of Directors on 18 November 2020.

2. Basis of preparation and principal accounting policies

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

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

Going concern considerations

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

2020 had begun with positive medium-term prospects for the economy in Greece and the other countries where the Group has a substantial presence, however the coronavirus (Covid-19) outbreak posed substantial uncertainties and risks for both the macroeconomic environment and the ability of numerous businesses to operate under the restrictive measures, including lockdowns, adopted to contain the virus expansion. The first lockdown in Greece started in mid-March 2020 and was lifted through a gradual relief from 4 May 2020 onwards according to the Greek government's plan. A second, countrywide, lockdown was announced for the period from 7 November 2020 to 30 November 2020. Based on Hellenic Statistical Authority (ELSTAT) provisional data, the real GDP growth rate in the second quarter of 2020 was at -15.2% on an annual basis, as a result of a significant drop in total consumption expenditure, investments and exports, while the respective figure for the first quarter of 2020 was at -0.5%. The European Commission (EC), in its 2020 autumn economic forecasts (November 2020) estimates a drop of 9.0% of real GDP in Greece in 2020, followed by a 5.0% recovery in 2021. The unemployment rate is expected to increase to 18.0% in 2020 and then to fall to 17.5% in 2021 from 17.3% in 2019. Based on ELSTAT data, unemployment stood at 16.8% in August 2020 on an annual basis (August 2019: 16.9%). On the fiscal front, according to the EC autumn economic forecasts, Greece's fiscal primary balance in ESA2010 terms, is expected to register in 2020 and 2021 a deficit of 3.8% and 3.6% of GDP respectively, taking into account the public support measures as of 22 October 2020. The deviation from the Enhanced Surveillance (ES) primary surplus target of 3.5% of GDP for both 2020 and 2021 will not be considered a violation of Greece's commitments undertaken in the ES framework, as on 4 March 2020 Eurogroup decided that non-permanent deviations from the agreed fiscal paths of the member-states, due to unusual effects outside the control of their governments (i.e. the effects of the pandemic), are acceptable. The aforementioned primary balance figures for 2020 and 2021 might change significantly as a result of the actual size of the public sector's support measures and the reduction in tax revenues due to the Government's relevant moratoria and the decline of economic activity. According to the EC autumn economic forecasts, the gross public debt is expected at 207.1% and 200.7% of GDP for 2020 and 2021 respectively.

In response to the Covid-19 outbreak, there has been a monetary, fiscal and regulatory support to the economy and the banking system by both Greek Government and European authorities. According to the 2021 Draft Budget, the Greek government's planned total measures for 2020 and 2021 aiming to address the economic effects of the Covid-19 pandemic amount to €21.5 billion and €2.7 billion respectively including the cost of the ruling of the Council of State on pension cuts. These measures include, among others: (a) the reduction of the private sector's social security contributions by 3 percentage points and the abolishment of the Special Solidarity levy for the private sector (only for 2021); the reduction of advanced income tax payment for firms and freelancers, (b) the payment by the government of the social security contributions for employees under labour suspension, (c) the suspension of VAT payments for firms affected by the Covid-19 pandemic, the social security and the tax related debt instalments for firms and freelancers, (d) the temporary economic support to wage earners under labour suspension, to seasonal employees (tourism sector), and to certain scientific sectors, (e) the Easter and Christmas bonus state contribution for employees under labour suspension; the employment subsidy under "synergasia" programme; the extension of the regular and long-term unemployment benefit, interest rates subsidies for firms that remained closed during the lock down period as well as mortgage loans subsidies to households.

Following the announcement by the government on 31 October and 5 November 2020, of a series of additional measures aiming to address the risk of the rising number of Covid-19 cases and the economic consequences of the second lockdown for 2020, the estimated cost, by the end of 2020, increased by ca € 3.3 billion. According to the January – September 2020 budget execution data, the actual cost of the measures implemented was at €9.7 billion. On top of the above, the European Council on 21 July 2020 agreed a recovery package amounted to € 750 billion under the EC's Next Generation EU framework in order to support the recovery and resilience of the member states' economies, out of which ca € 32 billion will be available for Greece, provisionally divided to € 19.4 billion in grants and € 12.7 billion in loans. The respective amount for the Multiannual Financial Framework 2021-2027 (MFF) is at € 1,100 billion, of which ca € 40 billion will be available for Greece. Furthermore the ECB, on 24 March 2020 established a temporary Pandemic Emergency Purchase Programme (PEPP) with an overall financial envelope of € 750 billion which has increased to € 1,350 billion, out of which ca € 28 billion will be available for the purchase of Greek public and private sector securities. The PEPP came on top of the ECB liquidity measures of 12 March 2020 (additional Long Term Financing operations, more favourable terms for the Targeted Long Term Operations, new Asset Purchase Programme of € 120 billion).

In such an environment the Greek government managed to achieve continuous market access after the pandemic outbreak. On 15 April 2020, amid the Covid-19 lockdown, the Greek Public Debt Management Agency (PDMA) issued a 7-year bond of € 2 billion at a yield of 2.013% and on 9 June 2020, a 10-year bond of € 3 billion at a yield of 1.568%. On 2 September 2020, the PDMA raised € 2.5 billion via the re-opening of the aforementioned 10-year bond at a historic low yield of 1.187%. On 29 October 2020, the PDMA raised € 2.0 billion via the re-opening of the 15-year bond initially issued in early February 2020, at a yield of 1.152%.

On 12 March 2020, the ECB announced a number of temporary capital and operational relief measures to ensure that its directly supervised banks can continue to fulfil their role in funding the real economy. Banks will be allowed to use capital and liquidity buffers and cover Pillar 2 requirements with other than CET 1 instruments. On the same date the EBA and the ECB decided to postpone the stress test exercises to 2021 to allow banks to focus on and ensure continuity of their core operations, including support for their customers (note 4). In addition, the EBA stated that there is flexibility in the implementation of the EBA Guidelines on management of non-performing and forborne exposures and called for a close dialogue between supervisors and banks, also on their non-performing exposure strategies, on a case by case basis (note 15). Furthermore, on 24 June 2020 the Regulation 2020/873 (CRR quick fix) introduced targeted amendments to the Capital Requirements Regulation (CRR) to encourage banks to continue lending during the Covid-19 pandemic (note 4).

Regarding the outlook for the next 12 months, the major macroeconomic risks and uncertainties in Greece mainly relate with the outbreak of Covid-19 pandemic and are as follows: (a) the evolution of the health crisis including the probability of the continuation of the second pandemic wave well after the end of 2020, and its negative effect on the domestic, regional and / or global economy, (b) the progress on the development, production and the widespread distribution of a safe and effective Covid-19 vaccine, (c) the actual size of the fiscal measures aiming to address the effect of the pandemic on the real economy and their effect on the long-term sustainability of the country's public debt, (d) the pace of the economy's downturn in 2020 and the recovery in 2021, (e) the effective utilization of the NGEU and MFF funds and the attraction of new investments in the country, (f) the implementation of the reforms and privatizations' agenda in order to meet the ES targets and milestones, and (g) the geopolitical conditions in the near or in broader region.

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

Within this challenging external environment, the Group proceeded with the closing of the "Cairo" (sale of 20% of mezzanine/ 50.1% of junior Cairo securitizations' notes) and "Europe" (sale of 80% of Eurobank FPS) transactions in early June 2020, which signalled the completion of its accelerated NPE reduction plan announced in the fourth quarter of 2018. As a result as at 30 September 2020, following the derecognition of the Cairo securitised loan portfolio of € 7.2 billion (consisting primarily of NPEs) (note 15), the Group NPEs were reduced to € 6.1 billion (31 December 2019: € 13 billion) driving the NPE ratio to 14.9% (31 December 2019: 29.2%) and the NPE coverage ratio to 62.5% (31 December 2019: 55.3%).

As at 30 September 2020 the Group's total CAD and Common Equity Tier 1 (CET1) ratios, taking into account the effect of the loss of € 1,509 million on Cairo transaction, the gain (after tax) of € 173 million on FPS disposal and the decrease of the share capital in kind of € 57 million (note 26), stood at 15.6% (31 December 2019: 19.2%) and 13.2% (31 December 2019: 16.7%) respectively. The adjusted net profit for the period ended 30 September 2020 amounted to € 348 million (period ended 30 September 2019: € 161 million profit). Net loss for the period, including the loss on Cairo transaction and the gain of FPS disposal mentioned above as well as the restructuring costs (after tax) of € 95 million, including the cost for the new VES launched by the Group in September (note 25), amounted to € 1,081 million (period ended 30 September 2019: € 94 million profit). During the same period, the Group has increased its deposits by € 1.4 billion to € 46.2 billion (2019: € 44.8 billion) and the funding from the targeted long term refinancing operations of the European Central Bank – TLTRO III programme to € 8 billion (2019: € 1.9 billion). The rise in high quality liquid assets of the Group led the respective Liquidity Coverage ratio (LCR) to 122% (31 December 2019: 97%). In the context of the internal liquidity stress test framework, which is part of the 2020 ILAAP (Internal Liquidity Adequacy Assessment Process), the results of the short and medium term liquidity stress tests indicate that the Bank has adequate liquidity buffer to withstand to all of the stress test scenario effects.

Going concern assessment

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

2.1 New and amended standards and interpretations adopted by the Group

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

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

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

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

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

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

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

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

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

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

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

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

As of 30 September 2020, the Group is exposed to a number of interest rate benchmarks within its hedge accounting relationships such as the Euribor, the USD Libor, the CHF Libor and the Euro Overnight Index Average (EONIA) with maturity beyond 2021, when the transition to the new RFRs is expected to be completed. The nominal amount of the hedging instruments designated in these hedge relationships approximates the extent of the risk exposure that the Group manages through hedging relationships.

Regarding Euribor rate, from July 2019, the index is subject to the EU Benchmarks Regulation (BMR) as a critical benchmark. As of 30 September 2020, Euribor is not scheduled to be discontinued. However, contracts and financial instruments referencing Euribor need to incorporate new or improved fallback provisions in the context of the BMR, in order to reduce uncertainties in the event of a potential, temporary or permanent, index cessation. The Group monitors closely the market developments regarding the choice of Euribor fallbacks.

With respect to the transition of EONIA and of USD Effective Federal Fund Rate (EFFR), the Group has proceeded to the required changes to its risk systems and valuation methodologies, in order to accommodate the related switch from EONIA to Euro short-term rate (€STR) and from EFFR to Secured Overnight Financing Rate (SOFR) of the discounting curves used in the valuation of interest rate derivatives centrally cleared through LCH clearing house, which were completed in July 2020 and October 2020 respectively.

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

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

Amendments to IFRS 3 Business Combinations

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

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

Amendments to IAS 1 and IAS 8: Definition of Material

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

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

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

Amendment to IFRS 16 - Covid-19-Related Rent Concessions

In May 2020, the IASB issued "Covid-19-Related Rent Concessions (Amendment to IFRS 16 - Leases)" that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of Covid-19, by introducing a practical expedient to IFRS 16 "Leases". The practical expedient permits lessees not to assess whether a Covid-19-related rent concession is a lease modification and requires lessees that apply the above exemption to account for Covid-19-related rent concessions as if they were not lease modifications.

The practical expedient applies only to rent concessions occurring as a direct consequence of Covid-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

c) There is no substantive change to other terms and conditions of the lease.

The amendment to IFRS 16, as endorsed by the EU in October 2020, is effective for the annual reporting periods beginning on or after 1 June 2020 with earlier application permitted.

The Group has early adopted the practical expedient to all rent concessions that meet the above described conditions.

Rent concessions granted to the Group as a lessee up to 30 September 2020, as direct consequence of the Covid-19 pandemic, amount to approximately € 1 million and have been recognized in "Other Income/(expenses)".

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

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

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

As a result the comparative information referring to the nine months ended 30 September 2019 has been restated due to the reversal of the depreciation and impairment of investment property previously recognized under the cost model in the above mentioned period. In particular, the consolidated income statement for the period ended 30 September 2019 has been restated by € 12 million profit, net of tax, increasing respectively the Group's total equity as of the same date. The table below presents the adjustments recognized for each individual line item of the consolidated income statement for the comparative period, whereas line items which were not affected by the changes have not been included.

	Nine months ended 30 September 2019			Three months ended 30 September 2019		
Consolidated Income Statement	As published € million	Restatement € million	**Restated € million**	As published € million	Restatement € million	**Restated € million**
Operating expenses	(672)	8	**(664)**	(230)	4	**(226)**
Profit from operations before impairments, provisions and restructuring costs	693	8	**701**	223	4	**227**
Other impairment losses and provisions	(38)	5	**(33)**	(21)	2	**(19)**
Share of results of associates and joint ventures	17	0	**17**	14	0	**14**
Profit before tax	94	13	**107**	67	6	**73**
Income tax	(9)	(1)	**(10)**	(11)	(1)	**(12)**
Net profit from continuing operations	85	12	**97**	56	5	**61**
Net profit attributable to shareholders	82	12	**94**	56	6	**62**

3. Significant accounting estimates and judgments in applying accounting policies

In preparing these interim consolidated financial statements, the significant estimates, judgments and assumptions made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied in the consolidated financial statements for the year ended 31 December 2019, except for those that relate to the impact of the Covid-19 pandemic to the estimation of the expected credit losses (ECL) on loans and advances to customers as analyzed below, as well as, the deferred tax's recoverability assessment (note 12). Further information about the key assumptions and sources of estimation uncertainty are set out in notes 10, 12, 13, 15, 19, 25, 28 and 30.

Impairment losses on loans and advances to customers

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

Although the ECL calculation methodology regarding the application of three macroeconomic scenarios and their weights, remained unchanged compared to 31 December 2019, the Group revised the forward-looking information incorporated in the above scenarios, in order to capture the negative impact of the Covid-19 pandemic, based on its best estimate regarding such economic forecasts as at 30 September 2020. In addition, Management applied the appropriate level of judgement regarding its expectations for the severity and the duration of the economy's negative outlook, in line with the IASB, the European Central Bank (ECB) and other banking regulators' statements, which emphasize the need for overlays where the risk models do not capture the specific circumstances.

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

Determination of significant increase in credit risk – (SICR)

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

As at 30 September 2020, the Group used the same ranges of lifetime PD thresholds with those applied at 31 December 2019, for the purposes of identification of SICR in its Retail lending portfolios. In the Wholesale lending portfolios, the Group, because of the expected lag in the issuance of 2020 financial statements, that will reflect the effect of the pandemic, supplemented its existing methodology for the identification of SICR (based on credit ratings' change) by performing an additional assessment on a borrower level. In particular, high and medium risk borrowers in stage 1 that are operating in highly affected by the Covid-19 pandemic industries of the economy, were assessed by the Group in order to identify those that should be moved to stage 2.

In addition, in order to address the model's limitations in assessing whether a SICR has occurred in the Retail lending portfolio, the Group applied overlays, where appropriate, in order to distinguish between borrowers that face or will face temporary liquidity needs or may be more permanently impacted. As such, certain performing, non-forborne Retail lending exposures that would have been transferred to stage 2 due to the impact of the post Covid-19 macroeconomic forward-looking information on the respective lifetime PDs, but the borrowers have been assessed not to have experienced significant difficulties remained in stage 1 on the basis that they were neither Covid-19 affected nor high risk. Such overlays are in line with the regulators' and accounting bodies' guidance in relation to the estimation of the Covid-19 impact on ECL.

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

Macroeconomic scenarios and forward looking information

The Group, in order to respond to the unprecedented circumstances of the Covid-19 crisis revised the forward-looking information used in all three macroeconomic scenarios, i.e. base, optimistic and adverse, regarding the key macroeconomic variables namely the real GDP growth rate, the unemployment rate and the property indices. The relevant weights of the above-mentioned three scenarios remained unchanged compared to 31 December 2019, i.e. 50% for base, 25% for optimistic and 25% for adverse. For 2020, the IFRS 9 probability-weighted scenario provides for the updated macroeconomic variables for Greece and incorporates a sharp contraction in the real GDP growth rate, a significant increase in the unemployment rate and a decrease in the residential and commercial property indices, while in 2021 a partial rebound in economic performance is expected, boosted by the use of the domestic and EU funds. On the longer term, the economy converges with the long-term potential GDP growth rates pre-Covid-19.

Covid-19 relief measures ('moratoria')

Covid-19 relief measures provided by the Group to the eligible borrowers are mainly in the form of:

- arrears capitalization, payment holidays (installment for Mortgage/Consumer lending portfolios and capital re-payment for the SB/Wholesale lending portfolios) deferred from three to nine months and subject to renewal based on the outcome of the crisis, along with the extension of the respective loans' maturity and
- supporting measures specifically addressed to one of the most affected Greek industries - hoteling, the main features being the principal payments' deferral up to 31 December 2021, the disbursement of new working capital facilities and the continuation of the financing of the already approved capital investments.

As at 30 September 2020, the Group's approved moratoria on the performing (including performing forborne) Greek lending portfolio, amounted to € 5 billion, of which 48% relate to the Mortgage/Consumer lending portfolios, 23% to the Small Business and 29% to the Corporate lending portfolio. In addition, as at 30 September 2020, for the Bank's foreign subsidiaries (Cyprus, Bulgaria and Serbia), the public moratoria measures, as those were enacted by the local regulations, amounted to € 2.2 billion.

Based on recent banking regulators' and accounting guidance (European Banking Authority (EBA), ECB, IASB) Covid-19 relief measures should neither be treated as forbearance nor automatically trigger a significant increase in credit risk. Such measures are accounted for as modifications, granted for other than forbearance reasons.

Government support measures

In addition to the relief measures provided by the Group (as described above), the government in the countries where the Group operates has initiated various programs, in order to stimulate liquidity and economic activity and to alleviate the consequences of the Covid-19 outbreak. Such measures involve the suspension of tax payments and social security contributions, financial compensations for employees from directly affected by the lockdown companies, as well as, government guarantees, co-financing and subsidized interest payments for new disbursements and subsidized installment payments on existing loans, secured with borrowers' primary residence collaterals.

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

(i) State participation (40%) zero-interest bearing for newly disbursed loans, accompanied with a government-subsidy for the interest owed on the rest (60%) of the principal for the first 2 years, (ii) State aid in the form of a guarantee for the 80% of the principal and the accrued interest during a period of 90 consecutive days. The Bank participates into the newly established Guarantee Fund Covid-19, which is co-financed by the European Regional Development Fund (ERDF) and the Greek State, (iii) disbursement of new loans financed by the European Investment Bank (EIB) which has not been enacted yet, (iv) three-month government interest subsidy program to eligible corporate borrowers on existing lending facilities, which could be opted in combination with the other Covid-19 relief measures and (v) ''Bridge'' subsidy program, applicable to the Retail lending portfolio secured with prime residence collateral, involving 9-months installments' subsidy.

As of 30 September 2020, for the main government support measures mentioned above, the Bank has been allotted € 0.4 billion for new lending agreements where the government co-finance (40%) the loans' disbursement and subsidy interest (i. and iv. above) and € 0.8 billion for the new government guaranteed loans (ii. above).

Furthermore, on 5 October 2020 a program similar to (i.) above was launched where the zero-interest bearing state participation represents 5% of the newly disbursed loans, accompanied with a government-subsidy for the interest owed on the rest (95%) of the principal for the first 2 years (the Bank has been allotted € 0.2 billion). In addition, on 9 November 2020 a phase B of the state aid program in the form of a guarantee for the 80% of the principal and the accrued interest started, for which the Bank has been allotted € 0.5 billion (ii. above).

Management takes into consideration the above measures when estimating the Covid-19 impact on the calculation of ECL, specifically for borrowers from the most vulnerable industries in the countries where the Group operates, which are mainly hoteling, airlines, transportation, construction companies and retail commerce.

4. Capital Management

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

	30 September 2020 € million	31 December 2019 € million
Total equity	**5,348**	6,667
Add: Adjustment due to IFRS 9 transitional arrangements	**778**	897
Less: Preferred securities	**-**	(2)
Less: Goodwill	**(161)**	(161)
Less: Other regulatory adjustments	**(716)**	(484)
Common Equity Tier 1 Capital	**5,249**	6,917
Add: Preferred securities subject to phase-out	**-**	-
Total Tier 1 Capital	**5,249**	6,917
Tier 2 capital-subordinated debt	**950**	950
Add: Other regulatory adjustments	**-**	97
Total Regulatory Capital	**6,199**	7,964
Risk Weighted Assets	**39,801**	41,407
Ratios:	%	%
Common Equity Tier 1	**13.2**	16.7
Tier 1	**13.2**	16.7
Total Capital Adequacy Ratio	**15.6**	19.2

Note: The Group's CET1 ratio as at 30 September 2020, based on the full implementation of the Basel III rules in 2025 (fully loaded CET1), would be 11.2% (31 December 2019: 14.6%).

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

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

In response to the Covid-19 outbreak, on 12 March 2020, the ECB announced a number of measures to ensure that its directly supervised banks can continue to fulfil their role in funding the real economy (note 2). Specifically, banks will be allowed, among others, to operate below the level of capital defined by the Pillar 2 Guidance and the Combined Buffer Requirement (i.e. Capital Conservation Buffer, Countercyclical Capital Buffer, Other Systemically Important Institutions Buffer) until at least the end of 2022, as per the latest ECB's communication issued on 28 July. Banks will also be allowed to partially use capital instruments that do not qualify as CET1 capital, for example Additional Tier 1 or Tier 2 instruments, to meet the Pillar 2 Requirements (P2R).

Taking into account the aforementioned developments and the 2019 SREP decision, for 2020, the Group is required to meet a Common Equity Tier 1 ratio of at least 9.24% (instead of 10.58% required in the pre-Covid-19 outbreak) and a Total Capital Adequacy Ratio of at least 14.05% (Overall Capital Requirements or OCR), including the Combined Buffer Requirement (the OCR remains at the same level as in the pre-Covid-19 outbreak). The capital relief measures mentioned above do not change the level of the Combined Buffer Requirement (stands at 3.05% and covered with CET1 capital), which sits on top of the Total SREP Capital Ratio (11%) resulting in an OCR of 14.05% in terms of total capital. According to the FAQs published by the ECB (last updated 28 July 2020), the allowance provided to banks to operate below the combined buffer requirement results in the ECB taking a flexible approach to approving capital conservation plans that banks are legally required to submit if they breach the combined buffer requirement.

	30 September 2020	
	CET1 Capital Requirements	Total Capital Requirements
Minimum regulatory requirement	**4.50%**	**8.00%**
Pillar 2 Requirement (P2R)	1.69%	3.00%
Total SREP Capital Requirement (TSCR)	**6.19%**	**11.00%**
Combined Buffer Requirement (CBR)		
Capital conservation buffer (CCoB)	2.50%	2.50%
Countercyclical capital buffer (CCyB)	0.05%	0.05%
Other systemic institutions buffer (O-SII)	0.50%	0.50%
Overall Capital Requirement (OCR)	**9.24%**	**14.05%**

Furthermore, on 24 June 2020 the Regulation 2020/873 (CRR quick fix) was adopted by the Council of the European Union and the European Parliament. This Regulation introduced some changes in the CRR to maximize the ability of banks to continue lending during the Covid-19 pandemic. These changes include among others:

-Extension by two years of the transitional arrangements for IFRS 9 and further relief measures, allowing banks to add back to their regulatory capital any increase in new provisions for expected losses that they recognize in 2020 and 2021 for their financial assets, which have not been defaulted.

-Earlier application of the revised supporting factors for loans to SMEs and certain infrastructure projects' companies, which allows for a more favorable prudential treatment of these exposures.

-A preferential treatment of exposures to public debt issued in the currency of another Member State and flexibility regarding the large exposures limit.

2020 EU – wide stress test postponed to 2021

An EU - wide stress test was announced by the European Banking Authority (EBA), launched in January 2020, to assess the resilience of EU banks to an adverse economic shock.

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

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

On 12 March 2020, the EBA and the ECB decided to postpone the stress test exercises to 2021 to mitigate the impact of Covid-19 on the EU banking sector and thus allow banks to focus on and ensure continuity of their core operations, including support for their customers. For 2020, the EBA launched on 4 May an additional EU-wide transparency exercise to provide market participants with updated information on the financial conditions of EU banks as of 31 December 2019, prior to the start of the Covid-19 pandemic. The EBA published the results of this exercise, including those for Eurobank Ergasias S.A. in June 2020.

In July 2020, the EBA announced that the 2021 EU-wide stress test exercise is expected to be launched at the end of January 2021 and its results to be published at the end of July 2021.

5. Operating segment information

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

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

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

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

Other segment of the Group refers mainly to a) property management (including repossessed assets), b) other investing activities (including equities' positions), c) as of the first quarter of 2020, private banking services to medium and high net worth individuals and the Group's share of results of Eurolife Insurance group, which were previously incorporated in the Wealth Management segment and d) the results related to the corporate transformation plan (note 31), the notes of the Cairo and Pillar securitizations, which were retained by the Group, and the Group's share of results of doValue Greece Loans and Credits Claim Management S.A.

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

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

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

Operating segments

	For the nine months ended 30 September 2020						
	Retail € million	Corporate € million	Global, Capital Markets & Asset Mngt € million	Investment Property € million	International € million	Other and Elimination center € million	Total € million
Net interest income	363	243	157	(14)	277	(6)	1,020
Net commission income	43	41	56	(0)	73	(0)	213
Other net revenue	(2)	(2)	238	74	10	214	532
Total external revenue	404	282	451	60	360	208	1,765
Inter-segment revenue	11	35	(21)	1	(2)	(24)	-
Total revenue	415	317	430	61	358	184	1,765
Operating expenses	(311)	(100)	(43)	(24)	(174)	5	(647)
Impairment losses relating to loans and advances to customers	(249)	(113)	-	-	(64)	(1,509)	(1,935)
Other impairment losses and provisions (note 11)	(3)	(3)	(7)	(0)	(3)	(8)	(24)
Share of results of associates and joint ventures	(0)	0	0	(3)	(1)	26	22
Profit/(loss) before tax from continuing operations before restructuring costs	(148)	101	380	34	116	(1,302)	(819)
Restructuring costs (note 11)	(4)	(0)	-	-	-	(131)	(135)
Profit/(loss) before tax from continuing operations	(152)	101	380	34	116	(1,433)	(954)
Non controlling interests	-	-	-	-	(0)	0	(0)
Profit/(loss) before tax attributable to shareholders	(152)	101	380	34	116	(1,433)	(954)

	30 September 2020						
	Retail [(3)] € million	Corporate [(3)] € million	Global, Capital Markets & Asset Mngt € million	Investment Property € million	International € million	Other and Elimination center [(1),(3)] € million	Total € million
Segment assets	16,994	13,097	15,918	1,527	16,241	3,677	67,454
Segment liabilities	26,267	8,181	8,317	330	14,566	4,445	62,106

The International segment is further analyzed as follows:

	For the nine months ended 30 September 2020					
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Luxembourg € million	Total € million
Net interest income	5	137	41	77	17	277
Net commission income	(1)	39	9	20	6	73
Other net revenue	(0)	1	1	8	0	10
Total external revenue	4	177	51	105	23	360
Inter-segment revenue	-	0	(0)	0	(2)	(2)
Total revenue	4	177	51	105	21	358
Operating expenses	(4)	(87)	(35)	(33)	(15)	(174)
Impairment losses relating to loans and advances to customers	(11)	(39)	(5)	(9)	(0)	(64)
Other impairment losses and provisions	(0)	(1)	(1)	(1)	(0)	(3)
Share of results of associates and joint ventures	0	-	(1)	-	-	(1)
Profit/(loss) before tax from continuing operations	(11)	50	9	62	6	116
Non controlling interests	-	(0)	(0)	-	-	(0)
Profit/(loss) before tax attributable to shareholders	(11)	50	9	62	6	116

	30 September 2020					
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Luxembourg € million	International € million
Segment assets[2]	320	5,667	1,615	6,786	1,855	16,241
Segment liabilities[2]	497	5,030	1,197	6,179	1,664	14,566

	For the nine months ended 30 September 2019 restated							
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	Investment Property € million	International € million	Other and Elimination center € million	Total € million
Net interest income	384	226	9	160	(6)	281	(23)	1,031
Net commission income	45	50	21	16	0	76	1	209
Other net revenue	(6)	13	0	37	32	41	8	125
Total external revenue	423	289	30	213	26	398	(14)	1,365
Inter-segment revenue	13	10	0	(16)	1	(4)	(4)	-
Total revenue	436	299	30	197	27	394	(18)	1,365
Operating expenses (note 2.2)	(320)	(91)	(17)	(56)	(13)	(163)	(4)	(664)
Impairment losses relating to loans and advances to customers	(342)	(81)	(0)	-	-	(70)	-	(493)
Other impairment losses and provisions (note 2.2)	(4)	(3)	(0)	1	(0)	(2)	(25)	(33)
Share of results of associates and joint ventures	(0)	(0)	17	-	0	(0)	0	17
Profit/(loss) before tax from continuing operations before restructuring costs	(230)	124	30	142	14	159	(47)	192
Restructuring costs	(15)	(2)	(0)	(0)	-	(18)	(50)	(85)
Profit/(loss) before tax from continuing operations	(245)	122	30	142	14	141	(97)	107
Loss before tax from discontinued operations	-	-	-	-	-	(5)	(0)	(5)
Non controlling interests	-	-	-	-	-	(0)	0	0
Profit/(loss) before tax attributable to shareholders	(245)	122	30	142	14	136	(97)	102

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

	For the nine months ended 30 September 2019 restated					
	Romania € million	Bulgaria € million	Serbia € million	Cyprus € million	Luxembourg € million	Total € million
Net interest income	9	134	43	76	19	281
Net commission income	(1)	40	11	21	5	76
Other net revenue	4	33	2	1	1	41
Total external revenue	12	207	56	98	25	398
Inter-segment revenue	(0)	(0)	(2)	(0)	(2)	(4)
Total revenue	12	207	54	98	23	394
Operating expenses (note 2.2)	(6)	(77)	(37)	(29)	(14)	(163)
Impairment losses relating to loans and advances to customers	(12)	(26)	(24)	(8)	0	(70)
Other impairment losses and provisions (note 2.2)	-	(2)	(0)	0	0	(2)
Share of results of associates and joint ventures	0	-	(0)	-	-	(0)
Profit/(loss) before tax from continuing operations before restructuring costs	(6)	102	(7)	61	9	159
Restructuring costs	-	(18)	-	-	-	(18)
Profit/(loss) before tax from continuing operations	(6)	84	(7)	61	9	141
Loss before tax from discontinued operations	(5)	-	-	-	-	(5)
Non controlling interests	-	(0)	0	-	-	-
Profit/(loss) before tax attributable to shareholders	(11)	84	(7)	61	9	136

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

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

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

[3] *Following the derecognition of the underlying loan portfolio of the Cairo securitization, the loans of the retail and corporate segment were decreased by € 2.57 billion and € 1.27 billion respectively. The notes of the Cairo and Pillar securitizations, which were retained by the Group, amounting to € 2.4 billion and € 1.1 billion respectively, are presented in other segment.*

6. Earnings per share

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

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. Following the redemption of the preferred securities (Series D) completed on 29 October 2019, the Group has no longer potentially dilutive ordinary shares (note 27). For the period ended 30 September 2019, the aforementioned preferred securities were not included in the calculation of diluted earnings per share, as their effect would have been anti-dilutive.

		Nine months ended 30 September		Three months ended 30 September	
		2020	2019 restated	**2020**	2019 restated
Net profit/(loss) for the period attributable to ordinary shareholders (note 2.2) [1]	*€ million*	**(1,081)**	93	**85**	62
Net profit/(loss) for the period from continuing operations attributable to ordinary shareholders (note 2.2) [1]	*€ million*	**(1,081)**	96	**85**	61
Weighted average number of ordinary shares in issue for basic earnings per share	*Number of shares*	***3,707,516,880***	*3,182,318,778*	***3,707,515,572***	*3,704,540,605*
Weighted average number of ordinary shares in issue for diluted earnings per share	*Number of shares*	-	*3,209,016,478*	-	*3,731,238,305*
Earnings/(losses) per share					
- Basic and diluted earnings/(losses) per share	€	**(0.29)**	0.03	**0.02**	0.02
Earnings/(losses) per share from continuing operations					
- Basic and diluted earnings/(losses) per share	€	**(0.29)**	0.03	**0.02**	0.02

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

Basic and diluted losses per share from discontinued operations for the period ended 30 September 2020 is nil (30 September 2019: € 0.001 basic and diluted losses per share).

On 28 July 2020, the Annual General Meeting of the shareholders of the Company approved the establishment of a five year shares award plan, starting from 2021, in the form of stock options rights by issuing new shares with a corresponding share capital increase, awarded to executives (of the Management) and personnel of the Company and its affiliated companies. The maximum number of rights that can be approved will be 55,637,000 rights, each of which will correspond to one new share, i.e. in case all option rights are exercised up to 55,637,000 new common registered shares of the Company in total will be allocated, corresponding to 1.5% of the current paid share capital. The exercise price of each new share is equal to the nominal value of the share (note 26).

7. Net interest income

	30 September 2020 € million	30 September 2019 € million
Interest income		
Customers	**1,017**	1,103
Banks and other assets	**23**	31
Securities	**142**	140
Derivatives	**323**	322
	1,505	1,596
Interest expense		
Customers	**(86)**	(140)
Banks	**(35)**	(48)
Debt securities in issue	**(71)**	(80)
Derivatives	**(290)**	(292)
Lease liabilities - IFRS 16	**(3)**	(5)
	(485)	(565)
Total from continuing operations	**1,020**	1,031

8. Net banking fee and commission income

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

	30 September 2020					
	Retail € million	Corporate € million	Global, Capital Markets & Asset Mngt € million	International € million	Other and Elimination center € million	Total € million
Lending related activities	**5**	**33**	**4**	**8**	**0**	**50**
Mutual funds and assets under management	**11**	**1**	**20**	**6**	**4**	**42**
Network activities and other [1]	**27**	**3**	**16**	**56**	**(4)**	**98**
Capital markets	**(0)**	**4**	**16**	**3**	**0**	**23**
Total from continuing operations	**43**	**41**	**56**	**73**	**0**	**213**

	30 September 2019						
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	International € million	Other and Elimination center € million	Total € million
Lending related activities	6	29	0	4	9	0	48
Mutual funds and assets under management	9	1	19	1	6	1	37
Network activities and other [1]	30	10	(0)	10	59	(1)	108
Capital markets	-	10	2	1	2	1	16
Total from continuing operations	45	50	21	16	76	1	209

[1] Including income from credit cards related services.

9. Operating expenses

	30 September 2020 € million	30 September 2019 restated € million
Staff costs	**(334)**	(358)
Administrative expenses	**(176)**	(173)
Contributions to resolution and deposit guarantee funds	**(56)**	(51)
Depreciation of real estate properties and equipment (note 2.2)	**(28)**	(27)
Depreciation of right of use assets	**(29)**	(32)
Amortisation of intangible assets	**(24)**	(23)
Total from continuing operations	**(647)**	(664)

The average number of employees of the Group during the period was 12,857 (30 September 2019: 13,354). As at 30 September 2020, the number of branches and business/private banking centers of the Group amounted to 637.

10. Impairment allowance for loans and advances to customers

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

	30 September 2020			
	12-month ECL- Stage 1 € million	Lifetime ECL- Stage 2 € million	Lifetime ECL credit-impaired[1] € million	Total € million
Impairment allowance as at 1 January 2020	136	407	6,556	7,099
Transfers between stages	7	102	(109)	-
Impairment loss for the period	37	27	1,825	1,889
Recoveries from written - off loans	-	-	16	16
Loans and advances derecognised during the period[2]	(33)	(151)	(4,748)	(4,932)
Amounts written off	-	-	(189)	(189)
Unwinding of Discount	-	-	(104)	(104)
Foreign exchange and other movements	12	9	(66)	(45)
Impairment allowance as at 30 September 2020	**159**	**394**	**3,181**	**3,734**

	30 September 2019			
	12-month ECL- Stage 1 € million	Lifetime ECL- Stage 2 € million	Lifetime ECL credit-impaired[1] € million	Total € million
Impairment allowance as at 1 January 2019	146	711	7,943	8,800
Transfers between stages	83	66	(149)	-
Impairment loss for the period	(67)	(103)	622	452
Recoveries from written - off loans	-	-	17	17
Loans and advances derecognised during the period[2]	(2)	(14)	(907)	(923)
Amounts written off	-	-	(610)	(610)
Unwinding of Discount	-	-	(167)	(167)
Foreign exchange and other movements	(14)	(13)	23	(4)
Impairment allowance as at 30 September 2019	146	647	6,772	7,565

[1] The impairment allowance for POCI loans of € 7 million is included in 'Lifetime ECL credit-impaired' stage (30 September 2019: € 0.1 million).

[2] It represents the impairment allowance of loans derecognized during the period due to a) sale transactions/securitizations (note 15) and b) substantial modifications of the loans' contractual terms.

The impairment losses relating to loans and advances to customers recognized in the Group's income statement for the period ended 30 September 2020 amounted to € 1,935 million (30 September 2019: € 493 million) and are analyzed as follows:

	30 September 2020 € million	30 September 2019 € million
Impairment loss on loans and advances to customers	**(1,889)**	(452)
Modification loss on loans and advances to customers	**(39)**	(46)
Impairment (loss)/ reversal for credit related commitments	**(7)**	5
Total	**(1,935)**	(493)

Impairment losses on loans and advances to customers recognized in the Group's income statement for the period ended 30 September 2020 of € 1,935 million include the Cairo loss transaction of € 1,509 million (note 15). The remaining amount of the recorded impairment losses of € 426 million (30 September 2019: € 493 million, including the impairment loss recognized due to the Pillar loans' classification as held for sale), reflects the impact from the deterioration of the forward-looking information applied to the measurement of the expected credit losses (ECL) as those were revised due to the expected large-scale negative effect of the Covid-19 crisis to the economies in which the Group operates (note 3).

In particular, the impairment losses recognized by the Group for the period ended 30 September 2020 remained well above their expected amount at the end of 2019, due to the exceptional Covid-19 pandemic circumstances and the prevailing uncertainties regarding the timing and the prospects of the economy's recovery (note 2). More specifically, the Group initially expected a significant decrease in the impairment levels for 2020, driven by the improvement in the before Covid-19 macroeconomic environment, the positive impact on the Group's lending portfolios from the acceleration of its non performing exposures (NPE) de-leveraging program, as well as, the expected outcome from other recovery measures, employed as part of its NPE management strategy (note 2). However, given the new conditions arising from the Covid-19 outbreak, the Group's cost of risk[(1)] for the period ended 30 September 2020 increased to 1.51%, compared to the pre-Covid-19 estimate for 2020 of 0.9%.

The Group continues to monitor closely and constantly re-assesses all the latest available information due to the high uncertainty, arising from a second round of lockdowns in Greece and abroad that started in early November 2020 and its negative effect on the economies in which the Group operates, the nature, size and effectiveness of the government support measures, as well as, the consumer and investment post-crisis behavioural impact.

[(1)] Cost of risk represents the Group's Impairment losses relating to loans and advances charged in the reported period excluding the loss on Cairo transaction, annualised and divided by the average balance of loans and advances to customers at amortised cost including those that had been classified as HFS as at 30 June 2020.

11. Other impairments, restructuring costs and provisions

	30 September 2020 € million	30 September 2019 restated € million
Impairment and valuation losses on real estate properties (note 2.2)	**(10)**	(24)
Impairment (losses)/ reversal on bonds	**(8)**	3
Other impairment losses and provisions [(1)]	**(6)**	(12)
Other impairment losses and provisions	**(24)**	(33)
Voluntary exit schemes and other related costs (note 25)	**(127)**	(60)
Other restructuring costs	**(8)**	(25)
Restructuring costs	**(135)**	(85)
Total from continuing operations	**(159)**	(118)

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

For the period ended 30 September 2020, the Group recognized € 8 million impairment losses on bonds, which is partially attributable to the acquisition of investment securities at amortized cost (note 16).

In addition, for the period ended 30 September 2020, the Group recognized € 8 million restructuring costs, mainly related to the Bank's transformation plan. For the comparative period, the Group recognized restructuring costs amounting to € 25 million, € 7 million of which mainly related to the Bank's transformation plan and € 18 million to the acquisition of Piraeus Bank Bulgaria A.D.

12. Income tax

	30 September 2020 € million	30 September 2019 restated € million
Current tax	**(33)**	(29)
Deferred tax (note 2.2)	**(94)**	19
Total income tax from continuing operations	**(127)**	(10)

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

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

Tax certificate and open tax years

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

The tax certificates, which have been obtained by the Company and its subsidiaries, associates and joint ventures, which operate in Greece, are unqualified for the open tax years 2014-2018. For the year ended 31 December 2019, the tax audits from external auditors have been completed without any findings.

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

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

Receivables from withholding taxes

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

Law 4605/2019 further addresses the treatment of tax receivables of Law 4046/2012 (for years 2010, 2011 and 2012), which provides for a five year settlement of tax withheld on interest from GGBs/Tbills/corporate bonds with the Greek State's guarantee against the banks' corporate income tax. In particular, Law 4605/2019 clarified that any remaining amounts (i.e. these withholding taxes that cannot be offset within the set five-year period) will be then offset against all taxes within ten years in equal installments starting from 1 January 2020. As at 30 September 2020, the remaining amount of the aforementioned Bank's receivables is € 12.3 million, while the first 1/10 of their initial amount of € 13.7 million was refunded to the Bank through offsetting with current tax liabilities within the period ended 30 September 2020.

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

Deferred tax

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

The movement on deferred tax is as follows:

	30 September 2020 € million
Balance at 1 January	**4,757**
Arising from acquisition[1]	**(3)**
Income statement credit/(charge)	**(94)**
Investment securities at FVOCI	**58**
Cash flow hedges	**3**
Actuarial gain/losses	**(2)**
Other	**(1)**
Balance at 30 September	**4,718**

[1] *It refers to the acquisition of Piraeus Port Plaza 2 (note 17).*

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

	30 September 2020 € million	31 December 2019 € million
Impairment/ valuation relating to loans and accounting write-offs	**1,594**	1,592
PSI+ tax related losses	**1,064**	1,101
Losses from disposals and crystallized write-offs of loans	**1,909**	1,985
Other impairments/ valuations through the income statement	**199**	201
Unused tax losses	**1**	2
Costs directly attributable to equity transactions	**10**	16
Cash flow hedges	**21**	17
Defined benefit obligations	**11**	14
Real estate properties, equipment and intangible assets	**(55)**	(47)
Investment securities at FVOCI	**(133)**	(191)
Other	**97**	67
Net deferred tax	**4,718**	4,757

The net deferred tax is analyzed as follows:

	30 September 2020 € million	31 December 2019 € million
Deferred tax assets	**4,732**	4,766
Deferred tax liabilities	**(14)**	(9)
Net deferred tax	**4,718**	4,757

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

	30 September 2020 € million	30 September 2019 restated € million
Impairment/ valuation relating to loans, disposals and write-offs	**(75)**	128
Unused tax losses	**(1)**	(61)
Tax deductible PSI+ losses	**(38)**	(38)
Change in fair value and other temporary differences (note 2.2)	**20**	(10)
Deferred income tax (charge)/credit from continuing operations	**(94)**	19

As at 30 September 2020, the Group recognized net deferred tax assets amounting to € 4.7 billion as follows:

(a) € 1,594 million refer to deductible temporary differences arising from impairment/valuation relating to loans including the accounting debt write-offs according to the Greek tax law 4172/2013, as in force. These temporary differences can be utilized in future periods with no specified time limit and according to current tax legislation of each jurisdiction;

(b) € 1,064 million refer to losses resulted from the Group's participation in PSI+ and the Greek's state debt buyback program which are subject to amortization (i.e. 1/30 of losses per year starting from year 2012 onwards) for tax purposes;

(c) € 1,909 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) € 10 million mainly refer to deductible temporary differences related to the (unamortized for tax purposes) costs directly attributable to Eurobank Ergasias S.A. share capital increases, subject to 10 years' amortization according to tax legislation in force at the year they have been incurred;

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

(f) € 140 million refer to other taxable and deductible temporary differences (i.e. valuation gains/losses, provisions for pensions and other post-retirement benefits, etc.) the majority of which can be utilized in future periods with no specified time limit and according to the applicable tax legislation of each jurisdiction.

Assessment of the recoverability of deferred tax assets

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

In particular, for the period ended 30 September 2020, the Group has conducted a deferred tax asset (DTA) recoverability assessment based on the three-year Business Plan that was approved by the Board of Directors in May 2020, for the period up to the end of 2022, which included revised management projections due to Covid-19 outbreak for the Group's future profitability in Greece as well as in the countries it operates. The plan has also been submitted to the Single Supervisory Mechanism (SSM). Currently, the Group closely monitors and constantly assesses all the latest available data for the effect of Covid-19 outbreak and the relevant mitigating measures taken by the Greek Government and the European authorities (note 2) on the assumptions used in its plans and the projections for future profitability and will continue to update its estimates accordingly.

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

As at 30 September 2020, pursuant to the Law 4172/2013, as in force, the Bank's eligible DTAs/deferred tax credits (DTCs) against the Greek State amounted to € 3,723 million. The DTCs will be converted into directly enforceable claims (tax credit) against the Greek State provided that the Bank's after tax accounting result for the year is a loss. In particular, DTCs are accounted for on: (a) the losses from the Private Sector Involvement (PSI) and the Greek State Debt Buyback Program and (b) on the sum of (i) the unamortized part of the crystallized loan losses from write-offs and disposals, (ii) the accounting debt write-offs and (iii) the remaining accumulated provisions and other losses in general due to credit risk recorded up to 30 June 2015.

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

According to tax Law 4172/2013 as in force, an annual fee of 1.5% is imposed on the excess amount of deferred tax assets guaranteed by the Greek State, stemming from the difference between the current tax rate for the eligible credit institutions (i.e. 29%) and the tax rate applicable on 30 June 2015 (i.e. 26%). For the period ended 30 September 2020, an amount of € 5 million has been recognized in "Other income/(expenses)".

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

(a) Disposal groups classified as held for sale

	30 September 2020 € million	31 December 2019 € million
Assets of disposal groups		
Real estate properties	**54**	63
Eurobank FPS Loans and Credits Claim Management S.A.	**-**	10
Non-performing loan portfolios	**-**	2
Total	**54**	75
Liabilities of disposal groups		
Eurobank FPS Loans and Credits Claim Management S.A.	**-**	8
Total	**-**	8

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

On 19 December 2019, the Group announced that it has reached an agreement with doValue S.p.A. ("doValue") to dispose 80% of its subsidiary Eurobank FPS Loans and Credits Claim Management S.A. ("FPS"), for a cash consideration of € 248 million, subject to certain adjustments.

As per the agreement, FPS, which was part of Eurobank Ergasias Troubled Asset Group ("TAG") - the unit responsible for the management of the troubled assets portfolio, would take over Eurobank Ergasias TAG unit in order for the sale to be completed. The relevant arrangements were completed at the end of March 2020.

After receiving all regulatory approvals, the above sale transaction was completed on 5 June 2020.

Upon the completion of the transaction, the Group derecognized the assets and liabilities of FPS and recognized its retained 20% interest as an associate, to be accounted for using the equity method of accounting, at its fair value of € 62 million. The fair value was determined by reference to the implied enterprise value of € 310 million for 100% of the entity.

The terms of the transaction remained as per the binding agreement of 19 December 2019, which provided for certain adjustments related with the net cash position of the company, assets under management as of December 2019 and the net economic benefit accrued since 1 January 2020.

The cash consideration received, after the above consideration adjustments, amounted to € 211 million and the resulting gain on disposal was € 219 million before tax (€ 173 million after tax), including the costs directly attributable to the transaction and the remeasurement of the retained interest in FPS.

The transaction was capital accretive, as the effect on Total Capital ratio amounted to approximately + 75 bps excluding transaction expenses and tax.

In the context of the strategic partnership with doValue for the management of its Non Performing Exposures ("NPEs"), the Group entered into a 14-year Service Level Agreement ("SLA") with FPS for the servicing of Eurobank's NPEs and retail early arrears, as well as any future production of them.

Real estate properties

In November 2019, the Group, in the context of its strategy for the active management of its real estate portfolio (repossessed, investment properties and own used properties) reached pre-sale agreements with prospective investors for the disposal of three pools of real estate assets amounting to a total value of ca. € 0.1 billion. Consequently, the disposal of these properties' portfolios was considered highly probable and they have been classified as held for sale (HFS) as of the end of November 2019. The fair value less cost to sell of these properties, based on the offer prices included in the pre-sale agreements, was lower than their carrying amount, therefore an impairment loss of € 24 million was recognized in the fourth quarter of 2019 upon their remeasurement in accordance with the IFRS 5 requirements. After the completion of certain sales in the first nine months of the current year, the carrying amount of these real estate assets as at 30 September 2020 was reduced to € 49 million.

The closing date of the pre-sale agreement regarding one of the relevant portfolios of carrying value € 6.3 million as at 30 September 2020, lapsed on 30 April 2020 without being further extended. However, the Group remains committed to its plan to sell the aforementioned portfolio, which continues to be actively marketed for sale and as such remains classified as HFS as at 30 September 2020. Furthermore, the sale of the real estate assets, which was initially expected to be concluded within 2020, may be extended beyond this period due to current extraordinary conditions.

Furthermore, in July 2020, the Bank reached a pre-sale agreement for the disposal of an own used property. Therefore, its disposal was considered highly probable and it has been classified as held for sale as at 30 September 2020. The fair value less cost to sell of this property, based on the pre-sale agreement, was lower than its carrying amount of € 6.3 million, therefore an impairment loss of € 0.8 million was recognized in the third quarter of 2020 upon its remeasurement in accordance with the IFRS 5 requirements.

Both the above non-recurring fair value measurements of the held for sale real estate properties are categorized as Level 3 of the fair value hierarchy due to the significance of the unobservable inputs used.

Non-performing loan portfolios

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

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

(b) Discontinued operations

Romanian disposal group

In April 2018, the sale of the Romanian disposal group (Bancpost S.A., ERB Retail Services IFN S.A. and ERB Leasing IFN S.A.), which was the major part of the Group's operations in Romania was completed. According to the terms of the Sale Purchase Agreement (SPA), executed between the Group and Banca Transilvania (the Purchaser), there are certain indemnity clauses based on which the Purchaser could claim specific amounts, subject to certain limitations on total claims, including those for:

a) open (non-expired) taxable periods of Bancpost S.A. until the completion of the transaction. In particular, according to the tax audit assessment communicated to Bancpost S.A. within July 2018, following the completion of the tax audit for the years 2011-2015, the additional taxes to be paid amounted in total to € 40 million, approximately. In respect of the above, the Group has recognized a provision of € 20 million, of which an amount of € 5 million (€ 3.6 million after tax) has been recognized in the period ended 30 September 2019. The Group is in close cooperation with the Purchaser, in respect of challenging the tax audit assessment in the competent courts, which is in progress and

b) losses incurred from claims made against the Purchaser or Bancpost S.A. in relation to a certain loan portfolio. The relevant fines and other measures imposed on Bancpost SA in 2018 by the Romanian National Authority for Consumer Protection (ANPC) have been cancelled by definitive court rulings issued up to the current year.

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

14. Derivative financial instruments

	30 September 2020		31 December 2019	
	Fair values		Fair values	
	Assets	Liabilities	Assets	Liabilities
	€ million	€ million	€ million	€ million
Derivatives for which hedge accounting is not applied/ held for trading	**2,492**	**2,180**	2,260	1,862
Derivatives designated as fair value hedges	**2**	**686**	2	770
Derivatives designated as cash flow hedges	**8**	**99**	0	94
Total derivatives assets/liabilities	**2,502**	**2,965**	2,262	2,726

As at 30 September 2020, the derivative assets and liabilities increased by € 240 million and € 239 million, respectively, compared to 31 December 2019, mainly as a result of the downward movement of the euro interest rate curve. The change in derivative liabilities was also affected by the termination of interest rate swaps, mainly in the third quarter of 2020, previously used in fair value hedging relationships. On the same date, the net carrying value of the derivatives with the Hellenic Republic amounted to € 1,644 million (31 December 2019: € 1,528 million).

In July 2020, the discounting curve of Euro denominated interest rate derivatives centrally cleared through certain central clearing counterparties, changed from EONIA to €STR. The resulted change in the fair value of these instruments was offset by an equal cash compensation amount, to the party suffering the economic loss from the transition, in order to avoid transfer of value between the two parties. As a result, the change in the discounting curve to €STR did not impact the Group's income statement.

15. Loans and advances to customers

	30 September 2020	31 December 2019
	€ million	€ million
Loans and advances to customers at amortised cost		
- Gross carrying amount	40,694	44,406
- Impairment allowance	(3,734)	(7,099)
Carrying Amount	**36,960**	37,307
Loans and advances to customers at FVTPL	**28**	58
Total	**36,988**	37,365

The table below presents the carrying amount of loans and advances to customers per business unit and per stage as at 30 September 2020:

	30 September 2020				31 December 2019
	12-month ECL-Stage 1 € million	Lifetime ECL-Stage 2 € million	Lifetime ECL credit-impaired[1] € million	Total amount € million	Total amount € million
Loans and advances to customers at amortised cost					
Mortgage lending:					
- Gross carrying amount	6,927	2,941	1,858	11,726	13,982
- Impairment allowance	(17)	(152)	(726)	(895)	(1,704)
Carrying Amount	6,910	2,789	1,132	10,831	12,278
Consumer lending:					
- Gross carrying amount	2,169	524	839	3,532	3,838
- Impairment allowance	(34)	(67)	(724)	(825)	(1,055)
Carrying Amount	2,135	457	115	2,707	2,783
Small Business lending:					
- Gross carrying amount	2,172	922	1,109	4,203	6,480
- Impairment allowance	(39)	(77)	(558)	(674)	(1,687)
Carrying Amount	2,133	845	551	3,529	4,793
Wholesale lending [2]:					
- Gross carrying amount	17,518	1,454	2,261	21,233	20,106
- Impairment allowance	(69)	(98)	(1,173)	(1,340)	(2,653)
Carrying Amount	17,449	1,356	1,088	19,893	17,453
Total loans and advances to customers at AC					
- Gross carrying amount	28,786	5,841	6,067	40,694	44,406
- Impairment allowance	(159)	(394)	(3,181)	(3,734)	(7,099)
Carrying Amount	**28,627**	**5,447**	**2,886**	**36,960**	37,307
Loans and advances to customers at FVTPL					
Carrying Amount				**28**	58
Total				**36,988**	37,365

[1] As at 30 September 2020, POCI loans of € 50 million gross carrying amount and € 7 million impairment allowance are presented in 'Lifetime ECL credit-impaired' stage (31 December 2019: € 54 million gross carrying amount and € 3.5 million impairment allowance).
[2] Includes € 3.5 billion related to the senior notes of the Pillar and Cairo securitizations, which have been categorized in Stage 1.

Operational targets for Non-Performing Exposures (NPEs)

In March 2020 the SSM, after taking into account the extraordinary circumstances due to the Covid-19 pandemic, informed the European banks that the submission of their new 3-year NPE Management Strategy has been postponed for March 2021. Specifically, in the context of the dialogue with SSM and its close monitoring on NPEs reduction progress, at the end of September 2020, Eurobank and the other Greek systemic banks submitted, in a preliminary and draft form, their updated NPE Management Strategy for the period 2020-22 along with the NPE annual targets at group level.

Pursuant to Law 4649/2019, on 25 February 2020, Eurobank submitted to the Ministry of Finance two applications for opting-in to the Hellenic Asset Protection Scheme ("HERCULES") of the Cairo I and Cairo II securitisations and on 15 May 2020 of the Cairo III securitization, which were approved on 23 July 2020. With the closing of the Cairo transaction in early June 2020 and the subsequent derecognition of the underlying securitised loan portfolio of € 7.2 billion (consisting primarily of NPEs) in September 2020, the Group reduced significantly its NPE stock by € 6.9 billion to € 6.1 billion (31 December 2019: € 13 billion), driving the NPE ratio at 14.9% as at 30 September 2020 (31 December 2019: 29%).

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

Eurobank has been taking all appropriate actions to address liquidity difficulties caused by the limited or suspended operations of businesses and individuals resulting from the impact of Covid-19. In this context, Eurobank has defined a set of emergency relief measures that will apply to specific segments that are affected by Covid-19 (note 3).

Legal Framework

The protection scheme on primary residence was voted by the Greek Parliament in March 2019 (Law 4605/2019), aimed to bolster the banks' efforts to reduce NPEs through a more effective mechanism to work out troubled loans, a restriction of strategic defaulters and, ultimately, an improvement in payment discipline. The scheme expired in July 2020, instead of April 2020 as initially scheduled, after which the Government has announced that it will duly devise a comprehensive individuals' and companies' Insolvency framework. The new code for insolvency, which integrates both corporate and individual insolvency regimes, was voted in October 2020 (Law 4738/2020) and will be effective from 1 January 2021.

Cairo securitization – loans' derecognition

In December 2019, the Group announced that it has entered into a binding agreement with doValue S.p.A. for the sale of 20% of the mezzanine and 50.1% of the junior notes of a securitization of a mixed portfolio consisting primarily of non-performing loans (NPEs) of ca. € 7.5 billion gross book value. In June 2020, the above sale was completed for a cash consideration of ca. € 14 million.

Upon completion of the sale of 20% of the mezzanine notes that effectively represents the majority stake of Class B1, i.e. 80% of Class B1, the Group ceased to control the SPVs on the basis that it does not have the power to direct their relevant activities that resides with the majority stake of Class B1 noteholders. Accordingly, the Group ceased to consolidate the SPVs in its financial statements. At the same time, the above sale triggered the derecognition assessment of the underlying loan portfolio where it was concluded that the Group, through the holding of 100% of the senior issued at par of face value € 2,409 million, 80% of the mezzanine issued at par of face value € 1,171 million and 49.9% of the junior notes of issue price of €1, retained substantially all risks and rewards of the portfolio's ownership. Accordingly, the Group continued to recognize the underlying loans and the related assets and liabilities in its balance sheet and recognized a financial liability for the consideration received.

On 15 June 2020, Eurobank Holdings, following a decision of the Board of Directors (BoD), proceeded to the contribution of the retained Cairo notes, i.e. 75% of the mezzanine and 44.9% of the junior notes, to the Cyprus-based subsidiary 'Mairanus Ltd', renamed to 'Cairo Mezz Plc'. On 7 July 2020, the BoD of Eurobank Holdings proposed to the General Shareholders' Meeting the distribution of Cairo Mezz Plc shares to Eurobank Holding's shareholders through the decrease in kind of its share capital. The approval of the General Shareholders' Meeting for the aforementioned corporate action was granted on 28 July 2020. The BoD decision for the contribution of the notes retained by Eurobank Holdings, initiated the distribution process and clearly demonstrated Management's commitment to a specific plan for the notes' disposal as the last step to the Group's Corporate Transformation Plan, and eventually the Cairo loan portfolio's derecognition from its balance sheet. Accordingly, as at 30 June 2020, the Group proceeded with the re-measurement of the portfolio's expected credit losses in accordance with its accounting policy for the impairment of financial assets and recognized an impairment loss of € 1,509 million net of expenses (note 10) in the second quarter of 2020. The impairment loss was based on the fair value of the notes retained by the Group as at 30 June 2020 of € 2,478 million, including the senior notes' accrued income, and the consideration received for the mezzanine notes' disposal to doValue S.p.A. Furthermore, the Group classified as held for sale assets the underlying loan portfolio of carrying amount € 2,341 million, comprising loans with gross carrying amount of € 7,259 million which carried an impairment allowance of € 4,918 million after the recognition of the Cairo loss, and the related net securitization's receivables of € 163 million. In addition, the liabilities of the above disposal group classified as held for sale referred to the impairment allowance of the letter of guarantees of € 12 million included in the underlying portfolio and the financial liability of € 14 million for the B1 and C1 notes' disposal.

In September 2020, following the completion of the distribution of the Cairo Mezz Plc shares, the underlying loan portfolio and the related assets and liabilities were derecognized from the Group's balance sheet on the basis that the Group transferred substantially all risks and rewards of the portfolio's ownership and ceased to have control over the portfolio, which resides with the Class B1 noteholders (note 31). In addition, the Group recognized the retained notes on its balance sheet, i.e. 100% of the senior, 5% of mezzanine and junior notes. The above mentioned derecognition of the underlying portfolio resulted in a derecognition gain of € 9 million, which is presented in "other income/ expenses".

The table below represents the percentage holding of the Cairo notes as at 30 September 2020 as well as their valuation price:

Cairo notes	(A) - Eurobank S.A.[1]	(B) - Eurobank Holdings	(C) = (A) + (B) - Eurobank Holdings Group	(D) - Cairo Mezz Plc[2]	(E) - Third parties[3]	(F) = (C) + (D) + (E) - Total issue	*Valuation price*
A Senior	**100%**	**0%**	**100%**	**0%**	**-**	**100%**	***100%***
B1 Mezzanine	5%	-	5%	-	20%	25%	-
B2 Mezzanine	-	0%	0%	75%	-	75%	-
B Total	**5%**	**0%**	**5%**	**75%**	**20%**	**100%**	***5%***
C1 Junior	5%	-	5%	-	50.1%	55.1%	-
C2 Junior	-	0%	0%	44.9%	-	44.9%	-
C Total	**5%**	**0%**	**5%**	**44.9%**	**50.1%**	**100%**	***0%***

[1] *Transferred from Eurobank Ergasias S.A. upon hive down.*
[2] *Contributed by Eurobank Holdings and subsequently distributed to its shareholders.*
[3] *Sold to doValue S.p.A.*

Pillar securitization – loans' derecognition

In June 2019, the Group announced that it has entered into a binding agreement with Celidoria S.A R.L for the sale of 95% of the mezzanine and junior notes of a securitization of a residential mortgage loan portfolio of ca. € 2 billion gross book value comprising primarily NPEs. 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, was classified as held for sale. The net carrying amount of the loan portfolio amounting to € 1,142 million corresponded 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.

In September 2019, the above transaction was completed for a total consideration of € 102.5 million, of which € 70 million cash and € 32.5 million deferred amount subject to the fulfillment of the terms of the agreement. The final consideration amounted to € 70 million in cash, while the above deferred amount that was previously recognized, was reversed in the fourth quarter of 2019, as the underlying terms and conditions were not fulfilled. Accordingly, the Group ceased to control the SPV ('Pillar Finance Designated Activity Company') and derecognized the underlying loan portfolio in its entirety, on the basis that it transferred substantially all risk and rewards of the underlying loan portfolio's ownership. In addition, the Group recognized the retained notes on its balance sheet, i.e. 100% of the senior, 5% of mezzanine and junior notes.

16. Investment securities

	30 September 2020		
	12-month ECL-Stage 1 € million	Lifetime ECL-Stage 2 € million	Total € million
Investment securities at amortised cost			
- Gross carrying amount	3,376	-	3,376
- Impairment allowance	(6)	-	(6)
Carrying Amount	3,370	-	3,370
Investment securities at FVOCI			
Carrying Amount	5,354	9	5,363
Total	**8,724**	**9**	**8,733**
Investment securities at FVTPL			
Carrying amount			118
Total Investment securities			**8,851**

	31 December 2019		
	12-month ECL-Stage 1 € million	Lifetime ECL-Stage 2 € million	Total € million
Investment securities at amortised cost			
- Gross carrying amount	1,542	-	1,542
- Impairment allowance	(3)	-	(3)
Carrying Amount	1,539	-	1,539
Investment securities at FVOCI			
Carrying Amount	6,278	-	6,278
Total	7,817	-	7,817
Investment securities at FVTPL			
Carrying amount			134
Total Investment securities			7,951

The investment securities per category are analyzed as follows:

	30 September 2020			
	Investment securities at FVOCI € million	**Investment securities at amortised cost € million**	**Investment securities at FVTPL € million**	**Total € million**
Debt securities				
- Greek government bonds	**1,970**	**2,525**	**-**	**4,495**
- Greek government treasury bills	**75**	**-**	**-**	**75**
- Other government bonds	**2,123**	**528**	**-**	**2,651**
- Other issuers	**1,195**	**317**	**3**	**1,515**
	5,363	**3,370**	**3**	**8,736**
Equity securities	**-**	**-**	**115**	**115**
Total	**5,363**	**3,370**	**118**	**8,851**

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

In the period ended 30 September 2020, the Group recognized € 233 million gains presented in line 'Gains less losses from investment securities'. The above amount comprises € 240 million gains resulted from debt securities at FVOCI sale transactions – net of any hedging effect, of which € 184 million gains in the third quarter of 2020 and € 7 million losses mainly from the decrease in the fair value of equity instruments. In the comparative period, the Group had recognized € 66 million gains, of which € 57 million resulted from debt securities at FVOCI sale transactions – net of any hedging effect, and € 9 million mainly from the increase in the fair value of equity instruments.

The aforementioned sale transactions, resulted in a significant decrease in the carrying amount of debt securities at FVOCI as at 30 September 2020, which exceeded the net positive impact of the market prices' change on this portfolio.

17. Group composition

The following is a listing of the Company's subsidiaries as at 30 September 2020, included in the interim consolidated financial statements for the period ended 30 September 2020:

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

Name	Note	Percentage holding	Country of incorporation	Line of business
Eurobank Holding (Luxembourg) S.A.		100.00	Luxembourg	Holding company
ERB Lux Immo S.A.		100.00	Luxembourg	Real estate
Grivalia New Europe S.A. (1)		100.00	Luxembourg	Real estate
ERB New Europe Funding B.V.		100.00	Netherlands	Finance company
ERB New Europe Funding II B.V.		100.00	Netherlands	Finance company
ERB New Europe Holding B.V.		100.00	Netherlands	Holding company
ERB IT Shared Services S.A.		100.00	Romania	Informatics data processing
IMO Property Investments Bucuresti S.A.		100.00	Romania	Real estate services
IMO-II Property Investments S.A.		100.00	Romania	Real estate services
Eliade Tower S.A.		99.99	Romania	Real estate
Retail Development S.A.		99.99	Romania	Real estate
Seferco Development S.A.		99.99	Romania	Real estate
Eurobank A.D. Beograd		99.99	Serbia	Banking
ERB Leasing A.D. Beograd (1)		99.99	Serbia	Leasing
IMO Property Investments A.D. Beograd		100.00	Serbia	Real estate services
Reco Real Property A.D. Beograd		100.00	Serbia	Real estate
ERB Istanbul Holding A.S.		100.00	Turkey	Holding company
ERB Hellas Plc		100.00	United Kingdom	Special purpose financing vehicle
Anaptyxi SME I Plc (1)		-	United Kingdom	Special purpose financing vehicle
Karta II Plc		-	United Kingdom	Special purpose financing vehicle
Themeleion II Mortgage Finance Plc (1)		-	United Kingdom	Special purpose financing vehicle
Themeleion III Mortgage Finance Plc (1)		-	United Kingdom	Special purpose financing vehicle
Themeleion IV Mortgage Finance Plc (1)		-	United Kingdom	Special purpose financing vehicle
Themeleion Mortgage Finance Plc (1)		-	United Kingdom	Special purpose financing vehicle
Tegea Plc (1)		-	United Kingdom	Special purpose financing vehicle
Maximus Hellas Designated Activity Company		-	Ireland	Special purpose financing vehicle
Astarti Designated Activity Company		-	Ireland	Special purpose financing vehicle
ERB Recovery Designated Activity Company	i	-	Ireland	Special purpose financing vehicle

(1) Entity under liquidation at 30 September 2020.

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

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

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

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

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

(a) Eurobank S.A., Greece

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

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

In June 2020, in the context of the binding agreements that Eurobank Ergasias S.A. had entered into with doValue S.p.A. in December 2019, the Bank sold 80% of its subsidiary then named Eurobank FPS Loans and Credits Claim Management S.A. - project "Europe". Further information is provided in note 13.

(c) ERB Leasing Bulgaria EAD, Bulgaria

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

(d) CEH Balkan Holdings Ltd, Cyprus

The dissolution of the company was completed in January 2020.

(e) Special purpose financing vehicles for the securitization of Bank loans and related real estate companies – Project "Cairo"

On 5 June 2020, the Company announced that the sale of a portion of mezzanine and junior securitization notes of the € 7.5 billion multi-asset NPE securitization (project "Cairo"), has been completed (note 24). Following the above, the Company ceased to have control over the related special purpose financing vehicles (Cairo No. 1 Finance Designated Activity Company, Cairo No. 2 Finance Designated Activity Company, Cairo No. 3 Finance Designated Activity Company) and the related real estate companies (Cairo Estate I Single Member S.A., Cairo Estate II Single Member S.A., Cairo Estate III Single Member S.A.), and as a result they were not included in the interim consolidated financial statements for the period ended 30 September 2020.

(f) ERB Hellas Funding Ltd, Channel Islands

In June 2020, the liquidation of the company was decided.

(g) Adariano Investments Ltd and Elerovio Holdings Ltd, real estate companies, Cyprus

In the context of the management of its NPEs, in the second quarter of 2020, the Bank's subsidiary Eurobank Cyprus Ltd established the wholly owned subsidiaries, Adariano Investments Ltd and Elerovio Holdings Ltd, to operate as real estate companies in Cyprus.

(h) Cairo Mezz Plc, portfolio company, Cyprus

In June 2020, the Company acquired 100% of the shares of Mairanus Ltd for a cash consideration of € 2 thousand. In the same month, the Company following the respective decision by its Board of Directors, contributed cash of € 1.5 million and the retained Cairo notes of fair value € 56 million in exchange for newly-issued shares of Mairanus Ltd, which in September 2020 was renamed to Cairo Mezz Plc. In addition, in September 2020, the above shares were distributed to Eurobank Holdings shareholders, as the last step of the Cairo transaction (note 31) and as a result Cairo Mezz Plc was not included in the interim consolidated financial statements for the period ended 30 September 2020.

(i) ERB Recovery Designated Activity Company, Ireland

In June 2020, the Bank established ERB Recovery Designated Activity Company, a special purpose financing vehicle for the securitization of a portfolio of mortgage, consumer, SME (small and medium enterprise) and corporate loans.

(j) Eurobank Finance S.A., Romania

The distribution of the company's surplus assets to its shareholders and its dissolution were completed in July and October 2020, respectively.

(k) Sagiol Ltd, Cyprus and Piraeus Port Plaza 2, Greece

In July 2020, the Bank acquired 100% of the shares and voting rights of Sagiol Ltd, which held 51% of the shares and voting rights of the Group's joint venture, Piraeus Port Plaza 2. Consequently, as of July 2020, Piraeus Port Plaza 2 became a wholly owned subsidiary of the Bank.

Post balance sheet event

Macoliq Holdings Ltd, Cyprus and Piraeus Port Plaza 3, Greece

In October 2020, the Bank acquired 100% of the shares and voting rights of Macoliq Holdings Ltd, which held 51% of the shares and voting rights of the Group's joint venture, Piraeus Port Plaza 3. Consequently, as of October 2020, Piraeus Port Plaza 3 became a wholly owned subsidiary of the Bank.

18. Investments in associates and joint ventures

As at 30 September 2020, the carrying amount of the Group's investments in associates and joint ventures amounted to € 302 million (31 December 2019: € 235 million). The following is the listing of the Group's associates and joint ventures as at 30 September 2020:

Name	Note	Country of incorporation	Line of business	Group's share
Femion Ltd		Cyprus	Special purpose investment vehicle	66.45
Tefin S.A. [(1)]		Greece	Dealership of vehicles and machinery	50.00
Sinda Enterprises Company Ltd		Cyprus	Special purpose investment vehicle	48.00
Singidunum - Buildings d.o.o. Beograd	a	Serbia	Development of building projects	21.20
Alpha Investment Property Kefalariou S.A.		Greece	Real estate	41.67
Global Finance S.A. [(2)]		Greece	Investment financing	33.82
Rosequeens Properties Ltd [(3)]		Cyprus	Special purpose investment vehicle	33.33
Famar S.A. [(1)]		Luxembourg	Holding company	23.55
Odyssey GP S.a.r.l.		Luxembourg	Special purpose investment vehicle	20.00
Eurolife FFH Insurance Group Holdings S.A. [(2)]		Greece	Holding company	20.00
Alpha Investment Property Commercial Stores S.A.		Greece	Real estate	30.00
Peirga Kythnou P.C.		Greece	Real estate	50.00
Piraeus Port Plaza 3		Greece	Real estate	49.00
Value Touristiki S.A.		Greece	Real estate	49.00
Grivalia Hospitality S.A. [(3)]		Luxembourg	Real estate	25.00
Information Systems Impact S.A.		Greece	Information systems services	15.00
doValue Greece Loans and Credits Claim Management S.A.	b	Greece	Loans and Credits Claim Management	20.00
Perigenis Business Properties S.A.	d	Greece	Real estate	18.90

[(1)] *Entity under liquidation at 30 September 2020.*

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

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

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

In the period ended 30 September 2020, the Group's participation in Singidunum decreased from 22.47% to 21.20%, following additional share capital increases in favor of the other shareholder.

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

On 5 June 2020, Eurobank Holdings announced the completion of the sale of 80% of Eurobank FPS Loans and Credits Claim Management S.A. (note 13). Hence, as of June 2020 the company is considered as a Group's associate and accordingly is accounted under the equity method in the consolidated financial statements. Also, in June 2020, the company was renamed to "doValue Greece Loans and Credits Claim Management S.A.".

(c) Piraeus Port Plaza 2, Greece

As of July 2020, Piraeus Port Plaza 2 ceased to be a Group's joint venture and became a wholly owned subsidiary of the Bank (note 17).

(d) Perigenis Business Properties S.A., Greece

In the third quarter of 2020, in the context of the debt restructuring of a Bank's corporate customer, Perigenis Business Properties S.A., a special purpose real estate company was established, in which the Bank holds a participation of 18.90%. Based on the Bank's representation in the Board of Directors and the decision-making process as prescribed in the company's articles of association, the Bank is considered to have significant influence over the company. Therefore, the company is accounted for as an associate of the Group.

Post balance sheet events

Piraeus Port Plaza 3, Greece

As of October 2020, Piraeus Port Plaza 3 ceased to be a Group's joint venture and became a wholly owned subsidiary of the Bank (note 17).

Merger of doValue Greece Loans and Credits Claim Management S.A. with doValue Greece Holding Single Member S.A.

On 22 October 2020, the Board of Directors of "doValue Greece Loans and Credits Claim Management S.A." ("doValue Greece") approved the merger with "doValue Greece Holding Single Member S.A." ("doValue Greece Holding"). doValue Greece Holding currently owns 80% of doValue Greece's share capital.

The companies agreed to merge by way of absorption of doValue Greece Holding by doValue Greece, in accordance with the provisions of Law 4601/2019, Law 4548/2018 and article 54 of Law 4172/2013.

Upon completion of the merger and pursuant to the contractual arrangements between Eurobank and doValue S.p.A, the sole shareholder of doValue Greece Holding, the Group's shareholding in the merged entity will remain at 20%

The merger is subject to regulatory approvals and is expected to be completed by the second quarter of 2021.

Singidunum - Buildings d.o.o. Beograd, Serbia

In November 2020, the Group's participation in Singidunum decreased from 21.20% to 20.13%, following an additional share capital increase in favor of the other shareholder.

19. Property and equipment and Investment property

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

	30 September 2020 € million	31 December 2019 € million
Land, buildings, leasehold improvements	**440**	474
Furniture, equipment, motor vehicles	**38**	41
Computer hardware, software	**64**	57
Right of use of assets [(1)]	**203**	174
Total property and equipment	**745**	746
Investment property	**1,413**	1,184
Total	**2,158**	1,930

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

The movement of investment property is as follows:

	30 September 2020 € million
Balance at 1 January	**1,184**
Additions	**160**
Arising from acquisition[(1)]	**41**
Transfers	**26**
Disposals	**(12)**
Net gain/(loss) from fair values adjustments	**14**
Balance at 30 September	**1,413**

[(1)] It refers to the acquisition of Piraeus Port Plaza 2 (note 17).

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

In the period ended 30 September 2020, the Group recognized rental income of € 60 million from real estate properties in the income statement line 'income from non banking services' (30 September 2019: € 38 million). The significant increase compared to the period ended 30 September 2019 is attributable to the results of former Grivalia group operations, which have been incorporated in the Group's financial statements as of the second quarter of 2019.

The valuation methods and key assumptions required under each method, based on which the carrying value of investment property portfolio is determined as at 30 September 2020 as well as the sensitivity analysis on key assumptions, are described in the consolidated financial statements of Eurobank Ergasias S.A. for the year ended 31 December 2019.

As the Covid-19 pandemic still evolves, its duration and the full scope of its economic impact is still unknown at this time. Considering that there is no solid market information and sufficient number of comparable transactions to quantify any relevant effects or determine their nature as well as the fact that these effects are usually incorporated gradually and with a time lag in real-estate market valuations, investment property portfolio has not been revalued since 31 December 2019 due to Covid-19 pandemic.

The Group will continue to monitor closely the effect of the economic environment on the valuation of its investment properties.

20. Other assets

	30 September 2020 € million	31 December 2019 € million
Receivable from Deposit Guarantee and Investment Fund	**708**	707
Repossessed properties and relative prepayments	**618**	614
Pledged amount for a Greek sovereign risk financial guarantee	**237**	238
Balances under settlement (2)	**15**	44
Prepaid expenses and accrued income	**115**	93
Other guarantees	**86**	85
Income tax receivable (1)	**20**	42
Other assets	**196**	180
Total	**1,995**	2,003

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

As at 30 September 2020, other assets net of provisions, amounting to € 196 million include, among others, receivables related to (a) prepayments to suppliers, (b) public entities, (c) property management activities and (d) legal cases.

21. Due to central banks

	30 September 2020 € million	31 December 2019 € million
Secured borrowing from ECB	**8,009**	1,900

The European Central Bank (ECB) has introduced a series of measures since March 2020 in order to further support the liquidity conditions of the banking system, the money market activity and the lending to the real economy in the face of the effects of the Covid-19 pandemic. A series of additional longer term refinancing operations (LTROs) entered into force until 24 June 2020, while the terms and conditions of targeted longer-term refinancing operations (TLTRO III) have been modified to facilitate the provision of credit to households and firms. In particular, the interest rate on TLTRO III has been reduced to -0.5% for the period from June 2020 to June 2021, while for banks meeting the eligible lending threshold of 0% between 1 March 2020 and 31 March 2021, the interest rate benefit may even reach at minimum 1%. For the rest of the period until the maturity of TLTRO III, the average of the deposit facility rate over their life is applied (currently -0.5%), provided that the aforementioned lending threshold is met. In the context of the aforementioned measures, the Group increased the borrowing from ECB's longer-term refinancing operations by € 6.11 billion from 31 December 2019, reaching € 8.01 billion at the end of September 2020, using as collaterals, among others, Greek government bonds which became eligible for such financing following ECB's relevant decision in April 2020.

22. Due to credit institutions

	30 September 2020 € million	31 December 2019 € million
Secured borrowing from credit institutions	**673**	4,267
Borrowings from international financial and similar institutions	**696**	632
Current accounts and settlement balances with banks	**149**	77
Interbank takings	**36**	46
Total	**1,554**	5,022

As at 30 September 2020, secured borrowing from credit institutions refers mainly to transactions with foreign institutions, which were conducted with collaterals government – mainly Greek - and corporate securities (note 16). As at 30 September 2020, borrowings from international financial and similar institutions include borrowings from European Investment Bank, European Bank for Reconstruction and Development and other similar institutions.

23. Due to customers

	30 September 2020 € million	31 December 2019 € million
Savings and current accounts	**29,010**	26,200
Term deposits	**16,935**	18,430
Repurchase agreements	**201**	200
Other term products (note 24)	**10**	11
Total	**46,156**	44,841

Other term products relate to senior medium-term notes held by the Bank's customers.

For the period ended 30 September 2020, due to customers for the Greek and International operations amounted to € 33,479 million and € 12,677 million, respectively (31 December 2019: € 32,444 million and € 12,397 million, respectively).

24. Debt securities in issue

	30 September 2020 € million	31 December 2019 € million
Securitisations	**686**	943
Subordinated notes (Tier 2)	**962**	947
Covered bonds	**512**	500
Medium-term notes (EMTN) (note 23)	**15**	16
Total	**2,175**	2,406

Securitisations

Following their partial redemption in the period ended 30 September 2020, the carrying value of the asset backed securities issued by the Bank's special purpose financing vehicles Maximus Hellas DAC and Astarti DAC and held by an international institutional investor (Class A notes), as at 30 September 2020 amounted to € 198 million and € 185 million, respectively (31 December 2019: € 614 million and € 329 million, respectively).

On 13 July 2020 the Bank, through its special purpose financing vehicle ERB Recovery Designated Activity Company, issued asset backed securities of total face value of € 9.6 billion, collateralized by a portfolio of mortgage, consumer, SME (small and medium enterprise) and corporate loans, which consisted of two classes of notes: (a) a senior class of notes of face value of € 1 billion and (b) junior class of variable funding notes of face value of € 8.6 billion. The aforementioned notes were fully retained by the Bank.

In September 2020, the Bank, through its special purpose financing vehicle Karta II plc and following a cancellation of asset backed securities of carrying value of € 400 million issued by the said financing vehicle and held by the Bank, issued asset backed securities of total face value of € 369.6 million, collateralized by a portfolio of credit card loans, which consisted of: (a) a senior class of notes (the "Class A notes") of face value of € 303 million at a cost of three month Euribor plus 230 basis points which was sold via a private placement to a multi-seller asset-backed commercial paper (ABCP) conduit administered by an international institutional investor and (b) a subordinated class of notes (the "Class B notes") of face value of € 66.6 million, which were retained by the Bank. The transaction has been accounted as a collateralized borrowing, considering that the Bank retains all significant risks and rewards of the securitized assets. As at 30 September 2020, the carrying value of Class A notes amounted to € 303 million.

Pillar securitization

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

As at 30 September 2020, the Group retained 100% of senior, 5% of mezzanine and junior notes (note 15).

Cairo securitisation

In June 2019, the Group, through its special purpose financing vehicles (SPVs) 'Cairo No. 1 Finance Designated Activity Company', 'Cairo No. 2 Finance Designated Activity Company' and 'Cairo No. 3 Finance Designated Activity Company', issued asset backed securities (notes) of total value of ca. € 7.5 billion, collateralized by a mixed assets portfolio of primarily non performing loans, which were fully retained by the Group. The securitization notes consisted of € 2,409 million senior issued at par, € 1,464 million mezzanine issued at par and € 3,633 million junior of issue price € 1.

In the context of Law 4649/2019 ('Hercules' – Hellenic Asset Protection Scheme) voted by the Greek parliament on 16 December 2019, the SPVs opted in for the state guarantee scheme. Specifically, the Group submitted the relevant applications to the Ministry of Finance on 25 February 2020 for Cairo No.1 and Cairo No.2 and on 15 May 2020 for Cairo No. 3. As a prerequisite to the above law, the Group has already obtained the required external rating of the senior notes.

In December 2019, the Group announced that it has entered into binding agreement with doValue S.p.A. for the sale of 20% of the mezzanine and 50.1% of the junior notes of the aforementioned Cairo securitization for a cash consideration of ca. € 14 million. Upon the completion of the transaction, in June 2020, the Group ceased to have control over the SPVs.

In June 2020, Eurobank Holdings, following the respective decision of the Board of Directors, proceeded to the contribution of the retained Cairo notes, i.e. 75% of the mezzanine and 44.9% of the junior notes, of total fair value of ca. € 56 million to the Cyprus-based subsidiary 'Mairanus Ltd', renamed to Cairo Mezz Plc, in exchange for its newly-issued shares.

In September 2020, upon the relevant approval of Eurobank Holding's General Shareholders' Meeting, the distribution of Cairo Mezz Plc shares to Eurobank Holding's shareholders was completed. As a result, the Group ceased to have control over Cairo Mezz Plc.

As at 30 September 2020, the Group retained 100% of senior, 5% of mezzanine and junior notes (note 15).

A description of the accounting implications of the aforementioned transactions and events is provided in note 31.

Tier 2 Capital instruments

In January 2018, Eurobank Ergasias S.A. issued Tier 2 capital instruments of face value of € 950 million, in replacement of the preference shares which had been issued in the context of the first stream of Hellenic Republic's plan to support liquidity in the Greek economy under Law 3723/2008. The aforementioned instruments, which have a maturity of ten years (until 17 January 2028) and pay fixed nominal interest rate of 6.41%, that shall be payable semi-annually, as at 30 September 2020, amounted to € 962 million, including € 3 million unamortized issuance costs and € 15.5 million accrued interest.

Covered bonds

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

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

Post balance sheet event

On 2 November 2020, covered bonds of face value of € 500 million issued by the Bank and held by third party investors, matured.

25. Other liabilities

	30 September 2020 € million	31 December 2019 € million
Balances under settlement [(1)]	**266**	326
Lease liabilities	**222**	193
Deferred income and accrued expenses	**182**	109
Other provisions	**90**	98
ECL allowance for credit related commitments	**60**	64
Standard legal staff retirement indemnity obligations	**43**	52
Employee termination benefits	**145**	32
Sovereign risk financial guarantee	**39**	41
Acquisition obligation	**15**	22
Income taxes payable	**10**	7
Deferred tax liabilities (note 12)	**14**	9
Other liabilities	**161**	238
Total	**1,247**	1,191

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

As at 30 September 2020, other liabilities amounting to € 161 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 September 2020, other provisions amounting to € 90 million (31 December 2019: € 98 million) mainly include: (a) € 55 million for outstanding litigations against the Group (note 30), (b) € 29 million for other operational risk events, of which € 22 million is related to Romanian disposal group (note 13) and (c) € 4 million for restructuring costs mainly relating to the acquisition of Piraeus Bank Bulgaria A.D.

For the period ended 30 September 2020, an amount of € 125.9 million has been recognised in the Group's income statement for employee termination benefits in respect of the Voluntary Exit Schemes (VES), which is further analysed as follows: (a) € 117.6 million cost for the new VES, that was launched by the Group in September 2020 for eligible units in Greece and offered to employees over a specific age limit. The new VES is 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, while the estimated saving in personnel expenses amounts to € 35.2 million on an annual basis, and (b) € 8.3 million relating to the additional cost for the VES that was launched by the Bank in 2019, which has been offered to employees over an age limit as well as to employees of specific eligible Bank units independent of age and is implemented through the aforementioned ways.

In addition, pursuant to the arrangements of the agreement for the disposal of Eurobank FPS Loans and Credits Claim Management S.A. (FPS), the reorganization of the Bank's TAG unit, has been completed since the end of March 2020 (note 13). Following the above, the defined benefit obligations of the Bank and FPS were remeasured at the end of March 2020 using updated actuarial assumptions, which mainly referred to the change of the discount rate from 0.89% as at 31 December 2019 to 1.75% as at 31 March 2020. As a result, in the period ended 30 September 2020, actuarial gains of € 4.2 million, net of tax, were recognized directly in the Group's other comprehensive income.

26. Share capital, share premium and treasury shares

As at 30 September 2020, the par value of the Company's shares is € 0.22 per share (31 December 2019: € 0.23). All shares are fully paid. The movement of share capital, share premium and treasury shares is as follows:

	Share capital € million	Treasury shares € million	Net € million	Share premium € million	Treasury shares € million	Net € million
Balance at 1 January 2020	853	(1)	852	8,056	(2)	8,054
Share capital decrease	(57)	-	(57)	-	-	-
Capitalization of taxed reserves	20	-	20	-	-	-
Purchase of treasury shares	-	(0)	(0)	-	(0)	(0)
Sale of treasury shares	-	1	1	-	1	1
Balance at 30 September 2020	816	(0)	816	8,056	(1)	8,055

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

	Number of shares		
	Issued shares	Treasury shares	Net
Balance at 1 January 2020	3,709,161,852	(2,815,312)	3,706,346,540
Purchase of treasury shares	-	(1,787,736)	(1,787,736)
Sale of treasury shares	-	3,313,029	3,313,029
Balance at 30 September 2020	3,709,161,852	(1,290,019)	3,707,871,833

Decrease of the share capital in kind

On 7 July 2020, the Board of Directors of the Company proposed to the General Shareholders' Meeting the distribution of Mairanus Ltd (renamed to Cairo Mezz Plc) shares to the Company's shareholders through the decrease in kind of its share capital.

Following the above, on 28 July 2020, the Annual General Meeting of the Shareholders of the Company approved among others:

(a) the decrease of the share capital in kind with the decrease in the nominal value of each ordinary share issued by the Company by € 0.0155 and the distribution to its shareholders of shares issued by Cairo Mezz Plc , with a value corresponding to the value of the share capital decrease, i.e. 309,096,821 common shares issued by Cairo Mezz Plc, each common registered share of nominal value € 0.10, at a ratio of 1 share of Cairo Mezz Plc for every 12 shares of the Company already held (note 31), and

(b) the capitalization of taxed reserves amounting to € 20,400,390.19 for the purpose of rounding the new nominal value of each ordinary share issued by the Company.

Following the aforementioned decision, the Company's total share capital amounts to € 816,015,607.44 and the total number of shares remains unchanged, i.e. 3,709,161,852 common voting shares of a nominal value of € 0.22 each.

Share options

In addition, the aforementioned Annual General Meeting of the shareholders of the Company:

(a) approved the establishment of a five year shares award plan, starting from 2021, in the form of stock options rights by issuing new shares with a corresponding share capital increase, awarded to executives (of the Management) and personnel of the Company and its affiliated companies. The maximum number of rights that can be approved will be 55,637,000 rights, each of which will correspond to one new share, i.e. in case all option rights are exercised up to 55,637,000 new common registered shares of the Company in total will be allocated, corresponding to 1.5% of the current paid share capital. The exercise price of each new share is equal to the nominal value of the share.

(b) authorized the Board of Directors of Eurobank Holdings to determine the remaining terms and conditions of the plan.

Treasury shares

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

In addition, as at 30 September 2020 the number of the Company's shares held by the Group's associates in the ordinary course of their insurance and investing activities was 64,763,790 in total (31 December 2019: 63,158,565).

27. Preferred securities

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

On 23 January 2020, a notice for the redemption of the remaining preferred securities of series A was given to the holders and on 18 March 2020, the aforementioned notes of face value of € 1.6 million were redeemed. In addition, for the period ended 30 September 2020, ERB Hellas Funding Ltd declared and paid for Series A of preferred securities in accordance with its terms and following the redemption of the Greek State – owned preference shares (note 24) on 17 January 2018, the non-cumulative dividend of € 11 thousand.

28. Fair value of financial assets and liabilities

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

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

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

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

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

Financial instruments carried at fair value

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

	30 September 2020			
	Level 1	Level 2	Level 3	Total
	€ million	€ million	€ million	€ million
Securities held for trading	59	-	-	59
Investment securities at FVTPL	37	13	68	118
Derivative financial instruments	0	2,501	1	2,502
Investment securities at FVOCI	5,281	82	-	5,363
Loans and advances to customers mandatorily at FVTPL	-	-	28	28
Financial assets measured at fair value	**5,377**	**2,596**	**97**	**8,070**
Derivative financial instruments	0	2,965	-	2,965
Trading liabilities	25	-	-	25
Financial liabilities measured at fair value	**25**	**2,965**	**-**	**2,990**

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

The Group recognizes transfers into and out of the fair value hierarchy levels at the beginning of the quarter in which a financial instrument's transfer was effected. There were no material transfers between levels during the period ended 30 September 2020.

Reconciliation of Level 3 fair value measurements

	30 September 2020
	€ million
Balance at 1 January	**125**
Transfers into Level 3	**2**
Transfers out of Level 3	**(2)**
Additions, net of disposals and redemptions[1]	**(29)**
Total gain/(loss) for the period included in profit or loss	**(0)**
Foreign exchange differences and other	**1**
Balance at 30 September	**97**

[1] *It mainly refers to derecognized loans and advances to customers (note 15).*

Group's valuation processes and techniques

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

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

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

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

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

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

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

Financial instruments not measured at fair value

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

	30 September 2020	
	Carrying amount € million	Fair value € million
Loans and advances to customers	**36,960**	**36,673**
Investment securities at amortised cost	**3,370**	**3,142**
Financial assets not measured at fair value	**40,330**	**39,815**
Debt securities in issue	**2,175**	**2,110**
Financial liabilities not measured at fair value	**2,175**	**2,110**

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

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

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

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

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

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

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

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

	30 September 2020 € million	31 December 2019 € million
Cash and balances with central banks (excluding mandatory and collateral deposits with central banks)	**5,004**	4,106
Due from credit institutions	**1,087**	444
Securities held for trading	**-**	1
Total	**6,091**	4,551

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

	30 September 2020 € million	30 September 2019 € million
Amortisation of premiums/discounts and accrued interest	**50**	39
(Gains)/losses from investment securities	**(233)**	(66)
Dividends	**(3)**	(1)
Total	**(186)**	(28)

In the period ended 30 September 2020, changes in debt securities in issue arising from accrued interest and amortisation of debt issuance costs amount to € 28 million (30 September 2019: € 27 million).

In the period ended 30 September 2020, other adjustments of € 234 million include € 219 million gain on the disposal of FPS (note 13).

30. Contingent liabilities and commitments

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

Credit related commitments are analyzed as follows:

	30 September 2020 € million	31 December 2019 € million
Financial guarantee contracts	**618**	723
Commitments to extend credit	**1,245**	1,115
Other credit related commitments	**455**	507
Total	**2,318**	2,345

The credit related commitments within the scope of IFRS 9 impairment requirements amount to € 5.7 billion (31 December 2019: € 5.3 billion), including revocable loan commitments of € 3.3 billion (31 December 2019: € 3 billion), while the corresponding allowance for impairment losses amounts to € 60 million (31 December 2019: € 64 million).

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

Legal proceedings

As at 30 September 2020, a provision of € 55 million has been recorded for a number of legal proceedings outstanding against the Group (31 December 2019: € 59 million). The said amount includes € 34 million for an outstanding litigation related to the acquisition of New TT Hellenic Postbank S.A. in 2013 (31 December 2019: € 34 million).

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

Following the completion of the banking sector's hive down of Eurobank Ergasias S.A. (Demerged entity) the Beneficiary (i.e. Eurobank S.A., "Bank") substitutes the Demerged Entity (currently Eurobank Holdings), by way of universal succession, to all the transferred assets and liabilities (note 31), while pending lawsuits where the Demerged entity was an involved party and are related to the hived down banking sector, will continue ipso jure by the Bank or against it.

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

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

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

31. Corporate Transformation-Hive down

In November 2018, the Group announced its transformation plan aiming to enable the former to deal with the challenging non-performing loans (NPEs) reduction targets, achieve a significant balance sheet de-risking and focus on the core banking business. The aforementioned transformation plan included the merger with Grivalia, which was completed in April 2019, and the NPEs reduction Acceleration Plan comprising the steps described below:

a) In June 2019, the Group, through the special purpose financing vehicle (SPV) 'Pillar Finance Designated Activity Company' issued senior, mezzanine and junior notes of total value of ca. € 2 billion, via a securitization of NPEs, which were fully retained by the Group. In September 2019, the Group sold the 95% of the above-mentioned mezzanine and junior notes to Celidoria S.A R.L. Upon the completion of the above sale, the Group ceased to control the SPV and derecognized the underlying loan portfolio in its entirety, on the basis that it transferred substantially all the risks and rewards of the underlying loan portfolio's ownership. In addition, the Group recognized the retained notes, i.e. 100% of the senior, 5% of the mezzanine and junior notes, on its balance sheet (notes 15 and 24).

b) In June 2019, the Group, through the special purpose financing vehicles (SPVs) 'Cairo No. 1 Finance Designated Activity Company', 'Cairo No. 2 Finance Designated Activity Company' and 'Cairo No. 3 Finance Designated Activity Company', issued senior (Class A), mezzanine (Class B1 and B2) and junior (Class C1 and C2) notes of total value of ca. € 7.5 billion, via a securitization of a mixed portfolio consisting primarily of NPEs, which were fully retained by the Group. The control of the SPVs resides with the majority holder of Class B1. Accordingly, the Group, being the sole holder of the issued notes, controlled the SPVs and continued recognizing the underlying loan portfolio on its balance sheet on the basis that it retained substantially all risks and rewards of its ownership (note 24).

c) On 20 March 2020, the demerger of Eurobank Ergasias S.A. through the hive down of the banking sector and the establishment of a new company-credit institution under the corporate name 'Eurobank S.A.' was completed (as detailed in Hive Down section below). At the aforementioned date, Eurobank S.A. assumed, inter alia, 100% of the senior, 5% of the mezzanine and junior notes of the Cairo securitization. The rest of the Cairo notes, i.e. 95% of the mezzanine and junior notes, remained with Eurobank Ergasias S.A. The transaction had no accounting impact on the Group's consolidated financial statements.

On 23 March 2020, the distinctive title of Eurobank Ergasias S.A. was amended to Eurobank Holdings.

d) In December 2019, Eurobank Ergasias S.A. announced that it has entered into binding agreements with doValue S.p.A. for: (i) the sale of 80% of its subsidiary "Eurobank FPS Loans and Credits Claim Management S.A." transferred to Eurobank S.A. as part of the assets transferred through the hive down process (note 13) and (ii) the sale of 20% of the mezzanine (representing the 80% of Class B1) and 50.1% of the junior notes of the aforementioned Cairo securitization in exchange for a cash consideration of ca. € 14 million. In June 2020 the sale was completed.

Upon the sale of 20% of the mezzanine notes, which effectively represents the majority stake of the Class B1 notes, the Group ceased to control the SPVs and the related Cairo real estate companies, i.e. Cairo Estate I Single Member S.A, Cairo Estate II Single Member S.A, Cairo Estate III Single Member S.A. Furthermore, being the holder of 100% of the senior, 80% of the mezzanine and 49.9% of the junior notes, the Group, continued to recognize the underlying loan portfolio on its balance sheet on the basis that it continued to retain substantially all risks and rewards of ownership.

The table below presents the ownership distribution of Cairo notes following the steps described in points (b) to (d) above:

Cairo noteholders after the completion of the sale transaction

Cairo notes	(A) - Eurobank S.A.[1]	(B) - Eurobank Holdings	(C) = (A) + (B) - Eurobank Holdings Group	(D) - Third parties[2]	(E) = (C) +(D) - Total issue
A Senior	**100%**	**0%**	**100%**	**-**	**100%**
B1 Mezzanine	5%	-	5%	20%	25%
B2 Mezzanine	-	75%	75%	-	75%
B Total	**5%**	**75%**	**80%**	**20%**	**100%**
C1 Junior	5%	-	5%	50.1%	55.1%
C2 Junior	-	44.9%	44.9%	-	44.9%
C Total	**5%**	**44.9%**	**49.9%**	**50.1%**	**100%**

[1] Transferred from Eurobank Ergasias S.A. upon hive down.
[2] Sold to doValue S.p.A.

e) On 15 June 2020, Eurobank Holdings, following a decision of the Board of Directors (BoD), proceeded to the contribution of the retained Cairo notes, i.e. 75% of the mezzanine and 44.9% of the junior notes along with an amount of € 1.5 million in cash to its Cyprus-based subsidiary Mairanus Ltd, renamed to 'Cairo Mezz Plc', in exchange for the newly-issued shares of the above mentioned subsidiary. Based on the valuation, according to the provisions of Article 17 of L. 4548/2018, the fair value of the shares received by Eurobank Holdings amounted to € 57.5 million consisting of the fair value of the contributed Cairo notes of € 56 million and the cash amount of € 1.5 million (notes 17 and 24). The abovementioned BoD decision for the contribution of the Cairo notes retained by Eurobank Holdings initiated the distribution process and clearly demonstrated Management's commitment to the specific plan for the notes' disposal as the last step to the Group's Corporate Transformation Plan, and eventually the Cairo loan portfolio derecognition from its balance sheet.

Accordingly, as at 30 June 2020, the Group proceeded with the re-measurement of the portfolio's expected credit losses in accordance with its accounting policy for the impairment of financial assets and classified as held for sale the underlying loan portfolio in accordance with the provisions of IFRS 5 'Non current assets held for sale and discontinued operations'.

The impairment loss of € 1,509 million recognized in the second quarter of 2020, was based on the fair valuation of the notes retained by the Group as at 30 June 2020 (notes 10 and 15).

f) On 7 July 2020, the BoD of Eurobank Holdings proposed to the General Shareholders' Meeting the distribution of Cairo Mezz Plc shares to Eurobank Holding's shareholders through the decrease in kind of its share capital. On 28 July 2020, the General Shareholders' Meeting approved the decrease in kind of Eurobank Holdings' share capital via the decrease of the nominal value of each ordinary share and the distribution to its shareholders of the shares issued by Cairo Mezz Plc with a value corresponding to the value of the share capital decrease, at a ratio of 1 share of Cairo Mezz Plc for every 12 Eurobank Holdings' shares already held. The Ministry of Development & Investments by virtue of its decision 81660/31.07.2020 approved the amendment of article 5 of Eurobank Holdings' Articles of Association. The impact from the distribution of Cairo Mezz Plc shares to Eurobank Holding's shareholders, i.e. the reduction by an equal amount of € 57.5 million of Eurobank Holding's share capital along with the related costs directly attributable to the equity transaction of ca. € 1 million, was recorded in the third quarter of 2020 (note 26).

g) On 21 September 2020, Eurobank Holdings notified the Athens Stock Exchange Corporate Actions Committee of the aforementioned corporate action and announced that the 23rd of September 2020 was the last trading day during which its shares traded with the right to participate in the distribution of shares issued by Cairo Mezz, while from 24 September 2020 onwards they were traded on the Athens Stock Exchange with the new nominal value and without the right to participate in the aforementioned distribution. In addition, the beneficiaries of the distribution of the shares issued by Cairo Mezz Plc were Eurobank Holding's shareholders registered in the records of the Dematerialised Securities System (DSS) on 25 September 2020 (record date).

Accordingly, on 25 September 2020 the Group ceased to control Cairo Mezz Plc and derecognized the underlying loan portfolio, since following (a) the sale of 20% of the mezzanine notes and 50.1% of the junior notes to doValue S.p.A. (refer to point d above) and (b) the distribution of Cairo Mezz Plc shares to its shareholders, transferred substantially the risks and reward of portfolio's ownership and ceased to have control over the securitized loans, which resides with the Class B1 noteholders.

The derecognition of the underlying portfolio resulted in a derecognition gain of € 9 million which is presented in 'other income/(expenses)'.

The below table presents, the ownership distribution of the Cairo notes following the completion of all steps involved, as described in points (b) to (g) above, as well as the respective valuation prices of each class of notes:

Cairo noteholders after the completion of the distribution (September 2020)

Cairo notes	(A) - Eurobank S.A.[1]	(B) - Eurobank Holdings	(C) = (A) + (B) - Eurobank Holdings Group	(D) - Cairo Mezz Plc[2]	(E) - Third parties[3]	(F) = (C) + (D) + (E) - Total issue	*Valuation price*
A Senior	**100%**	**0%**	**100%**	**0%**	**-**	**100%**	***100%***
B1 Mezzanine	5%	-	5%	-	20%	25%	
B2 Mezzanine	-	0%	0%	75%	-	75%	
B Total	**5%**	**0%**	**5%**	**75%**	**20%**	**100%**	***5%***
C1 Junior	5%	-	5%	-	50.1%	55.1%	
C2 Junior	-	0%	0%	44.9%	-	44.9%	
C Total	**5%**	**0%**	**5%**	**44.9%**	**50.1%**	**100%**	***0%***

[1] *Transferred from Eurobank Ergasias S.A. upon hive down.*
[2] *Contributed by Eurobank Holdings and subsequently distributed to its shareholders.*
[3] *Sold to doValue S.p.A.*

Following the completion of all steps involved, as described in points (b) to (g) above, the total equity impact for the Group is presented in the below table:

	NAV Impact
Gain from sale of FPS	**173**
Impairment loss on "Cairo" loans (note 15)[1]	**(1,508)**
Distribution of Cairo Mezz Plc shares	**(58)**
Gain on derecognition of "Cairo" loans	**9**
Total	**(1,384)**

[1] *Including related expenses, net of tax.*

Hive down

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

On 31 July 2019, the BoD of Eurobank Ergasias S.A. approved the Draft Demerger Deed through the aforementioned hive down and establishment of a new company-credit institution, pursuant to Article 16 of Law 2515/1997 and Articles 57 (3) and 59-74 of Law 4601/2019, as currently in force. In particular, the demerger would involve the hive-down of the banking sector of Eurobank Ergasias S.A., to which the assets and the liabilities are included, as described on the transformation balance sheet of the hived-down sector as at 30 June 2019 ("Transformation Date"). In accordance with the Draft Demerger Deed, Eurobank Ergasias S.A. retained the 95% of the Pillar mezzanine and junior notes which in September 2019 were sold to a third party investor, as well as the participation in Pillar DAC and the related Pillar real estate entity.

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

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

On 23 March 2020, the Articles of Association of the Demerged Entity were amended with the decision of the Ministry of Development and Investments, Number 32403/23.03.2020, which was registered on the same day in the General Commercial Registry. According to article 1 of the Articles of Association, the corporate name and the distinctive title of the Demerged Entity is amended to "Eurobank Ergasias Services and Holdings S.A." and "Eurobank Holdings" respectively. The date of change of the Company's corporate name and distinctive title in the Athens Exchange was set for 24 March 2020.

The hive down of the banking sector (including subsidiaries/associates) constitutes a common control transaction, which involves a new entity to effect the combination of entities under common control. As a common control transaction, the hive down does not fall within the scope of the IFRS 3 'Business Combinations'; furthermore, it is a common control transaction that involves the set-up of a new company, which is neither the acquirer, nor a business and therefore it is not a business combination as defined by IFRS 3. Since IFRS 3 guidance does not apply, and the hive down does not meet the definition of a business combination under common control, it is accounted for as a capital re-organisation of the transferred business on the basis that no substantive economic change has occurred. In line with the Group's accounting policy for business combinations that involve the formation of a new entity, in case of a capital reorganization, the acquiring entity incorporates the assets and liabilities of the acquired entity at their carrying amounts, as presented in the books of that acquired entity, rather than those from the highest level of common control. Any difference between the cost of the transaction and the carrying amount of the net assets acquired is recognized in the equity of the new entity. In addition, the capital reorganization transactions do not have any impact on the Group's consolidated financial statements.

Accordingly, in the separate financial statements of Eurobank Holdings, the assets and liabilities of the business transferred (including investments in subsidiaries and associates) to Eurobank (Beneficiary) were derecognised and the investment in the Beneficiary was recognised at cost, which is the carrying value of the net assets given up. The Beneficiary respectively incorporated the assets and liabilities of the existing business at their pre-combination carrying amounts with a corresponding increase in share capital. Pre-existing valuation reserves under IFRS that were transferred to the Beneficiary were separately recognized in the Beneficiary's total equity.

In accordance with the Demerger Deed, Eurobank Holdings maintained 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, Eurobank Holdings retained the 95% of Cairo mezzanine and junior notes, the preferred securities and the participations in certain subsidiaries including Be Business Exchanges S.A., Cairo DACs, Pillar and Cairo real estate entities. In case of any assets or liabilities that would not be possible to be transferred, in the context of the above mentioned Draft Demerger Deed, the Demerged Entity undertakes the obligation to collect or liquidate the assets in accordance with the Beneficiary's instructions whereas the Beneficiary undertakes the obligation to indemnify the Demerged Entity for the settlement of the liabilities including any arising costs or losses. Accordingly, the Beneficiary, receives the remaining assets (including 100% of Cairo senior and 5% of mezzanine and junior notes that were recognized at fair value) and liabilities that constitute the banking sector, by issuing shares to the Demerged entity.

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

The table below presents at the hive down date, i.e. 20 March 2020, Eurobank Ergasias S.A. balance sheet before the hive down, and the adjustments made to derive both balance sheets of Eurobank and Eurobank Holdings after hive down.

	20 March 2020				
	(A) - Eurobank Ergasias S.A. € million	(B) - Intercompany (IC) net assets contributed to Eurobank S.A € million	(C) - Total net assets contributed to Eurobank S.A. € million	(D) - IC net assets of Eurobank Holdings & investment in Eurobank S.A. € million	(E) = (A) + (B) - (C) + (D) Eurobank Holdings S.A. € million
ASSETS					
Cash and balances with central banks	1,916		1,916		-
Due from credit institutions	3,887		3,817	103 [1]	173
Securities held for trading	28		28		-
Derivative financial instruments	2,381		2,381		-
Loans and advances to customers	30,023	2,425 [2]	28,592		3,856
Investment securities	6,995		6,995	950 [3]	950
Shares in subsidiaries	1,855		1,854	4,090 [4]	4,091
Investments in associates and joint ventures	101		101		-
Property and equipment	567		567		0
Investment property	873		873		-
Goodwill and other intangible assets	316		316		0
Deferred tax assets	4,832		4,832		-
Other assets	1,778	4	1,779		3
Assets of disposal groups classified as held for sale	41		41		-
Total assets	55,593	2,429	54,092	5,143	9,073
LIABILITIES					
Due to central banks	2,700		2,700		-
Due to credit institutions	7,677		7,677		-
Derivative financial instruments	2,904		2,904		-
Due to customers	33,169	103 [1]	33,272		-
Debt securities in issue	2,412	950 [3]	2,402	2,425 [2]	3,385
Other liabilities	1,064		1,047	4	21
Total liabilities	49,926	1,053	50,002	2,429	3,406
Total equity	5,667	1,376	4,090 [4]	2,714	5,667

Notes

1. € 103 million refer to deposits of Eurobank Holdings with Eurobank S.A.
2. € 2,425 million refer to the notes of Cairo securitizations retained by Eurobank S.A. (i.e. 100% senior notes, 5% of mezzanine and junior notes).
3. € 950 million refer to Tier 2 notes issued by Eurobank S.A. and retained by Eurobank Holdings.
4. € 4,090 million refer to the investment in Eurobank S.A. held by Eurobank Holdings corresponding to the net assets contributed to the former by Eurobank Ergasias S.A.; Eurobank S.A. total equity of € 4,090 million as at 20 March 2020 comprises (a) share capital of € 4,051.6 million as it has been determined based on the assets and liabilities included in the transformation balance sheet of the hived-down banking sector of Eurobank Ergasias S.A. as at 30 June 2019, (b) pre-existing valuation reserves of € 238.7 million and (c) retained losses of € 200.4 million.

32. Post balance sheet events

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

Note 2 - Basis of preparation and principal accounting policies
Note 3 - Significant accounting estimates and judgments in applying accounting policies
Note 15 - Loans and advances to customers
Note 17 – Group composition
Note 18 - Investments in associates and joint ventures
Note 24 - Debt securities in issue

33. Related parties

On 20 March 2020, Eurobank Ergasias S.A. ("Demerged Entity") announced that its demerger through the banking sector's hive down and the establishment of a new company-credit institution ("Demerger") under the corporate name "Eurobank S.A." ("Bank") was approved, while on 23 March 2020 the Demerged Entity was renamed to "Eurobank Ergasias Services and Holdings S.A." ("Company" or "Eurobank Holdings'') (note 31). Following the above, the key management personnel (KMP) of the Demerged Entity remained as the Bank's KMP. Furthermore, the Board of Directors (BoD) of Eurobank Holdings is the same as the BoD of the Bank and part of the KMP of the Bank provides services to Eurobank Holdings according to the terms of the relevant agreement between the two entities. As at 30 September 2020, the percentage of the Company's ordinary shares with voting rights held by the Hellenic Financial Stability Fund (HFSF) stands at 1.40%. The HFSF is considered to have significant influence over the Company pursuant to the provisions of the Law 3864/2010, as in force, the Relationship Framework Agreement (RFA) the Demerged Entity has entered into with the HFSF on 4 December 2015 and the Tripartite Relationship Framework Agreement (TRFA) between the Bank, the Company and the HFSF signed on 23 March 2020. Further information in respect of the HFSF rights based on the aforementioned framework is provided in the section "Report of the Directors and Corporate Governance Statement" of the Annual Financial Report for the year ended 31 December 2019.

In addition, as of December 2019, Fairfax Financial Holdings Limited has obtained the required regulatory approvals in relation to the increase of its shareholding in the Demerged Entity, which arose from the merger of the latter with Grivalia Properties REIC in the same year. Accordingly Fairfax group, which as at 30 September 2020 holds 31.27% in the Company's share capital, is considered to have significant influence over the Company.

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

The outstanding balances of the transactions with (a) Fairfax group, (b) 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 September 2020			31 December 2019		
	Fairfax Group **€ million**	**KMP[(1)] and Entities controlled or jointly controlled by KMP** **€ million**	**Associates and joint ventures** **€ million**	Fairfax Group € million	KMP[(1)] and Entities controlled or jointly controlled by KMP € million	Associates and joint ventures € million
Loans and advances to customers	**4.00**	**3.94**	**26.80**	3.33	6.20	24.59
Derivative financial instruments - assets	**0.05**	**-**	**-**	-	-	-
Other assets	**0.23**	**0.06**	**33.60**	-	-	9.81
Due to customers	**3.89**	**22.46**	**102.44**	3.72	20.34	47.75
Derivative financial instruments - liabilities	**0.02**	**-**	**-**	-	-	-
Other liabilities	**-**	**-**	**18.32**	-	0.04	3.76
Guarantees issued	**-**	**0.01**	**2.00**	0.40	0.01	2.00
Guarantees received	**-**	**0.02**	**-**	-	0.03	-
	Nine months ended 30 September 2020			Nine months ended 30 September 2019		
Net interest income	**0.13**	**(0.01)**	**(1.82)**	-	(0.02)	(3.24)
Net banking fee and commission income	**-**	**0.03**	**12.05**	-	0.01	9.27
Net trading income	**-**	**-**	**-**	-	-	0.24
Impairment losses relating to loans and advances including relative fees	**-**	**-**	**(26.89)**	-	-	(4.01)
Other operating income/(expenses) [(2)]	**2.97**	**(10.25)**	**(13.85)**	-	(4.69)	(18.93)

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

[(2)] For the period ended 30 September 2020, the amount of € 10.25 million (30 September 2019: € 4.69 million) relates to the services agreement with Grivalia Management Company S.A. for the management of the Group's real estate properties.

For the period ended 30 September 2020, there were no material transactions with the HFSF. In addition, as at 30 September 2020 the loans, net of provisions, granted to non consolidated entities controlled by the Company pursuant to the terms of the relevant share pledge agreements amounted to € 0.3 million (31 December 2019: € 3 million).

For the period ended 30 September 2020, a reversal of impairment of € 0.4 million (30 September 2019: a reversal of impairment of € 0.4 million) has been recorded against loan balances with Group's associates and joint ventures, while the respective impairment allowance amounts to € 0.1 million (31 December 2019: € 0.5 million). In addition, as at 30 September 2020, the fair value adjustment for loans to Group's associates and joint ventures measured at FVTPL amounts to € 17.7 million.

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

Key management personnel are entitled to compensation in the form of short-term employee benefits of € 4.84 million (30 September 2019: € 4.92 million) and long-term employee benefits of € 0.73 million (30 September 2019: € 0.76 million). In addition, the defined benefit obligation for the KMP has decreased by € 0.40 million through the income statement (including adjustment in past service cost) and € 0.22 million through the other comprehensive income (actuarial gains) and reached € 1.08 million as at 30 September 2020 (31 December 2019: € 1.70 million).

34. Board of Directors

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

Further to that:

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

Following the above, the BoD is as follows:

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

Athens, 18 November 2020

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