PIRAEUS BANK

2018 ANNUAL FINANCIAL REPORT

For the period from 1 January to 31 December 2018

According to Greek Law 3556/ 2007

March 2019

The attached 2018 Annual Financial Report has been approved by Piraeus Bank S.A. Board of Directors on 29 March 2019 and it is available on the web site of Piraeus Bank at www.piraeusbankgroup.com

The information contained in this 2018 Annual Financial Report has been translated from the original Annual Financial Report that has been prepared in the Greek language. In the event that differences exist between this translation and the original Greek language 2018 Annual Financial Report, the Greek language Annual Financial Report will prevail over this document.

The 2018 Annual Financial Report for the year ended 31/12/2018 is available in the Bank's internet site http://www.piraeusbankgroup.com/en/investors/financials/financial-statements

Statement by the Chairman of the Board of Directors, the Chief Executive Officer and the BoD member pursuant to Article 4 of Greek Law 3556/2007

We, the members of the Board of Directors of Piraeus Bank S.A. declare that to the best of our knowledge:

(1) The consolidated and separate financial statements for the annual period ended 31 December 2018 have been prepared in accordance with the applicable accounting standards and present a true and fair view of the assets, liabilities, equity and results of operations of the Bank and of the companies included in the consolidation.

(2) The Board of Directors Annual Report fairly presents the evolution, the performance and the position of the Bank and of the companies included in the consolidation, including the description of the main risks and uncertainties they face.

Athens, 29 March 2019

Non-Executive Chairman of BoD	Managing Director (CEO) Executive BoD Member	Non-Executive BoD Member
George P. Handjinicolaou	Christos I. Megalou	Solomon A. Berahas

George Handjinicolaou, Chairman of the BoD

"We can look back at 2018 as a year where the Greek economy remained on a growth trajectory, recording a GDP growth of 1.9%, while unemployment rate fell below 20% for the first time since 2011.

Furthermore, sovereign credit ratings are being gradually upgraded. Though spreads and volatility remain elevated, Greece returned to market in early 2019, for the first time since bailout program exit, with five- and ten-year bonds that attracted high quality investor interest, reflecting a solid environment, a necessary condition for the Greek economy to stay on a sustainable growth path.

Confidence has returned to the Greek banking sector and this is evident across banking operations and especially in terms of liquidity relying on the steady deposit inflows that we have been witnessing in the past 1.5 year. The improvements in the banks' liquidity and confidence made it possible for the capital controls to be significantly relaxed and their full withdrawal is anticipated in the forthcoming period. Asset quality remains a top priority for Greek banks where significant progress has been made in reducing the NPEs, and additional initiatives are being pursued to reduce even further this stock. Current proposals, such as the Greek Asset Protection Scheme, the Bank of Greece Asset Management SPV Structure, and the revision of the so-called "Katseli" Law, provide a systemic approach and can work complementary to the banks' own NPE reduction plans, providing a wide range of flexibilities to the Greek banks, should they become available.

However, challenges remain significant and downside risks exist. The pre-election period poses risks related to the implementation of structural reforms agreed upon with the European creditors. Nevertheless, the domestic landscape has stabilised, since there is now increased consensus that fiscal discipline should be maintained, hence the collaboration between Greece and its European creditors has substantially improved.

The prospects of the Greek economy for 2019 remain positive as recovery will maintain its growth momentum despite signs of increased uncertainty arising mainly from the external environment, on the back of tighter financial conditions in the US, signs of weaker growth in Europe and China, uncertainties surrounding the Brexit and international trade tensions. Most international organisations and institutions are projecting Greece to achieve a GDP growth between 2.0%-2.5% for 2019, driven by business investment, exports and private consumption.

Piraeus Bank, in the context of its business planning, is concentrating on all potentials and opportunities for recovery. The main targets for 2019 are:

a) enhancement of revenue sources and operational efficiency to generate sustainable profitability

b) improvement of asset quality, through the consistent delivery of the 2021 NPE plan,

c) strengthening capital base, d) and expanding lending to support the country's economic recovery.

With the return to profitability, the recovering balance sheet, and a determination for strong corporate governance and internal controls, we have laid the foundations for sustainable growth.

Furthermore, Piraeus Bank, with an accelerated pace during the past year, has completed the vast majority of its commitments under the Restructuring Plan, and aims to exit the Restructuring Plan context and pave its course for the future. Finally, the Bank successfully launched its new corporate values aiming to build a strong, common culture for the benefit of customers, employees, shareholders and society at large."

On behalf of the Board of Directors

George P. Handjinicolaou
Chairman of the BoD

Christos Megalou, Chief Executive Officer

In the face of significant challenges in 2018, we have made progress on a number of fronts towards our objectives of balance sheet de-risking, optimising efficiency and refocusing the business in creating sustainable returns.

Profitability restoration has gained traction in 2018, as the Bank recorded pre-tax profit of €80 million for the first time in a number of years, supported by cost containment. The positive Q4 operating result of €34 million is particularly encouraging as it breaks away from an unfavorable historical seasonal trend. Importantly, Piraeus Core Bank has accumulated recurring pretax profit of €644 million in 2018, achieving a RoA of 1.6%.

Our liquidity and funding profile has been improving consistently for two years. Domestic deposit inflows in 2018 amounted to €3.6 billion, an increase of 9% yoy, allowing us to fully eliminate ELA facility in mid-July 2018 and remain at nil for the rest of the year. ECB eligibility status for our covered bond pool, allowed us to replace interbank repo financing with ECB main operations refinancing, supporting our net interest income trend.

We have delivered on our commitment to further strengthen the Greek economy by increasing new loan generation to €3.1 billion in 2018. With a loan-to-deposit ratio of 85% at the end of 2018 from 103% a year earlier, we can facilitate the expected demand for loans, while enabling the gradual normalization of the Bank's performing loan book, which stood at €24.0 billion at the end of 2018, broadly stabilised in the 2nd half of the year.

We are leveraging on efficiency and digitalisation to transform our operating model, with an improved cost reduction performance in 2018. Operating expenses on a recurring basis, i.e. without the Voluntary Exit Scheme costs impact, dropped 8% in 2018 versus 2017. The cost-to-income ratio stood at 54% from 55% a year earlier respectively.

In terms of asset quality, we have decisively continued to de-risk our balance sheet. We have accelerated the NPE reduction process with €5.5 billion NPE decrease in 2018, meeting our targets, while NPE cash coverage ratio stood at 49%. During the year, we have concluded two loan portfolio sales of €1.8 billion aggregated gross book value, one comprising secured loans, which was a landmark transaction and effectively kick-started the secondary market for secured NPL portfolio sales in Greece, and one unsecured. Taking strength from our asset quality track record, in March 2019 we upgraded the commitments of our NPE operational targets plan, which calls for a €15 billion reduction in NPEs to €11 billion by the end of 2021.

2018 was a year of significant regulatory developments. The IFRS 9 First Time Adoption as of 1 January 2018, which had a €2.0 billion impact on the Total Equity of the Group, with the bulk being phased-in in a period of 5 years. The conclusion of 2018 EU-Wide Stress Test, which signaled the end of a long period of uncertainty for the Greek banking sector. For Piraeus Bank, in particular, the results of the Stress Test reflected the significant efforts that we have undertaken to transform the Bank at all levels. This was most evident in the "baseline" scenario, under which the Bank reached a Common Equity Tier 1 ratio of 14.5%.

Piraeus has been executing a capital-strengthening plan to ensure that the Bank continues to remain above the applicable capital requirements at all times. With more than 94% of non-dilutive capital generating actions already concluded the Common Equity Tier 1 ratio of the Group as at 31 December 2018 stood at 13.65%, or 14.0% pro-forma for the disposal of the subsidiaries in Albania (completed in February 2019) and Bulgaria (to be completed in April 2019).

Following the Supervisory Review and Evaluation Process (SREP) performed by the ECB in 2018, the SREP Pillar 2 Requirements for the Bank have been reduced by 50bps. The Overall Capital Requirement, including the phasing-in of the Capital Conservation Buffer and the Other Systemically Important Institution Buffer will rise by 75bps, to 14%, as of 1/3/2019.

The Bank is pursuing a number of planned capital actions that are expected to result in capital levels that satisfy both regulatory requirements, as well as the Bank's risk appetite. Further to organic capital generation budgeted for year 2019 and the scheduled Tier II debt issuance, for which the Bank is in a ready-to-go status within a gradually improving market sentiment, Piraeus Bank's management is working on a number of additional non-dilutive initiatives to strengthen capital position, creating buffers above supervisory requirements.

Christos I. Megalou,
Chief Executive Officer

Board of Directors' Annual Report

International Environment and Economic Developments

During 2018, the global economy decelerated marginally, with the real global GDP growth rate reaching 3.7% against 3.8% in 2017 (IMF data). Specifically, the growth rate slowed down marginally in both developed economies (2.3% from 2.4%) and in emerging and developing economies (4.6% from 4.7%). The majority of the main leading economic indicators was at a lower level at the end of 2018 compared to the end of 2017.

In 2019, the global growth rate is expected to decelerate further to 3.5% (IMF macroeconomic projections). Simultaneously, the inflation rate in developed economies will be lower, due to lower international energy prices. The big challenge for the global economy will be the resolution of the international trade disputes between the US, China and the other major economies.

In 2018, the Fed proceeded to four increases of its policy rate (from 1.50% to 2.50%) and reduced its total assets by almost $400 billion, while the US GDP growth rate accelerated to 2.9% from 2.2% in 2017. For 2019, a relatively small deceleration to 2.5% is expected, mainly due to the fading impact of the lower tax rates. According to the currently available Fed projections, no rate hikes are expected within 2019 and Fed's total assets size will remain stable after September of 2019.

In Eurozone, the GDP growth rate slowed down considerably to 1.8% in 2018 from 2.5% in 2017 and the European Central Bank ("ECB") ended the QE program at the end of 2018. The ECB increased its total assets by almost €200 billion during 2018. The low level of core inflation rate provides reassurance that the ECB will probably maintain low policy rates for an extended period of time. The GDP growth rate is estimated to slow down additionally to 1.3% in 2019 (European Commission macroeconomic projections), while the ECB will hold its main policy rate unchanged at 0.0%. Finally, a high degree of uncertainty exists due to the Brexit stalemate and the European elections at the end of May 2019.

China's GDP growth rate also slowed down to 6.6% in 2018 from 6.9% in 2017, while for 2019 further deceleration is anticipated, close to 6.0%. Monetary and fiscal policy gradually ease in order to support the economy and moderate the negative impact of US tariffs.

Developments in the Greek Economy and the Greek Banking System

In 2018, the Greek economy maintained its growth momentum expanding by 1.9% up from 1.5% in 2017. In August 2018, Greece concluded its 3-year Economic Adjustment Program and the Enhanced Surveillance Framework was activated. In the context of this framework, two reviews in November 2018 and in February 2019 were completed. At the same time, further debt relief measures were announced and are expected to be fully enforced in 2019. Since August 2018, a cash buffer has also been built up in order to cover the Greek sovereign financial needs. In parallel, in 2018, Moody's, S&P and Fitch have gradually upgraded the Greek sovereign rating to B3, B+ and BB- respectively, with positive Outlook (only Fitch kept its outlook stable). At the beginning of 2019, both S&P and Fitch affirmed the existing ratings and outlook, while Moody's upgraded Greece's rating to B1 from B3, changing the outlook to stable from positive. On 29/1/2019, Greece returned to the markets with a € 2.5 billion five-year bond with a 3.6% yield and on 5/3/2019 issued a € 2.5 billion ten-year bond with a 3.9% yield, reflecting a solid economic performance and improving creditworthiness.

At the same time, the steady improvement in the economic sentiment both in the business and consumers' environment, drove the economic sentiment indicator (ESI) to 102.1 points (2018 average), the highest level compared to the last decade. Moreover, the unemployment rate fell to 19.3% against 21.5% in 2017, leading to a 2.0% increase in employment on an annual basis. In addition, in 2018 inflation stood at 0.6% (2017: 1.1%). Furthermore, in 2018 the tourism sector was still on a positive momentum, as travel receipts increased by 10.1% and inbound traveller flows by 10.8% on an annual basis. Alongside tourism, a plethora of other economic activity indicators, such as industry, retail and wholesale trade, services and exports recorded positive trends in the last two years. At the fiscal level, Greece is likely to over-achieve the general government primary surplus target of 3.5% of GDP in 2018, the fourth year in a row that the target was exceeded.

The prospects of the Greek economy for 2019 remain positive. The economy is expected to maintain its growth momentum, driven by employment, investment, exports and private consumption. The existence of such growth drivers will improve the flexibility and resilience of the Greek economy to any internal and external political and economic headwinds, reducing economic volatility and increasing the levels of confidence to the Greek economy.

Greek Banking

The Greek Banking system during 2018 experienced an asset quality improvement through the reduction of the balance of its Non-Performing Exposures (“NPEs”), as well as the improvement of its liquidity (deposits increase, reduction of dependence on ECB funding) through the expansion of its funding sources.

With respect to loans, the annual adjusted contraction rate of domestic private sector financing at 31/12/18 reached -1.1%. It should be noted that this contraction is solely due to households financing, as the annual growth rate of credit to non-financial corporations stood at +0.3% on 31/12/18, while some sectors recorded positive annual credit growth (agriculture +4.1%, mining +2.0%, tourism +3.6%, real estate +2.1%). The loan to deposits ratio for the Greek banking market improved to 93.8% on 31/12/18 from 109.8% on 31/12/17.

As far as liquidity of the Greek banking system is concerned, during 2018, the increase of deposits continued with an accelerating pace as a result of the recovery of economic activity and the partial restoration of the public’s confidence to the banking system with the relaxation of capital controls. It should be noted that as of 1/10/18, deposit withdrawal restrictions were lifted and capital transfers within Greece were fully liberalised. Domestic private and public sector deposits increased by 10.6% yoy and amounted to € 152.4 billion as at 31/12/2018 from €137.8 billion as at 31/12/2017.

At the beginning of 2018, the exchange program for EFSF / ESM bonds held by Greek banks - that had been decided in the framework of short-term public debt relief measures – was completed. Its result was the deleveraging of Greek banks’ balance sheets and the reduction of their dependence on central bank financing.

Exposures of all Greek banks to the Eurosystem decreased to €11.1 billion as at 31/12/2018 from €33.7 billion as at 31/12/2017. Exposure to Emergency Liquidity Assistance (“ELA”) funding was almost eliminated reaching €0.9 billion at 31/12/2018 (-€20.7 billion on an annual basis), while funding from ECB’s main refinancing operations dropped to €10.1 billion at 31/12/2018 (-€2.0 billion on an annual basis).

During its March 2019 meeting, the ECB announced a new series of seven quarterly TLTRO-III auctions from September 2019 to March 2021, each with a maturity of two years; as such, the TLTRO-III will extend well beyond the TLTRO-II, which mature in June 2020-March 2021. Greek banks are expected to assess the terms of the new facility and decide participation on the basis of the overall characteristics of the new funding facility.

Taking into account the conclusion of the third economic adjustment program of Greece in August 2018, the almost full lifting of capital controls since October 2018 and the return of the Greek economy to growth, it is anticipated that Greek banks are in the position to continue improving their funding profile and increase their deposit base.

Addressing the high level of NPEs represents the biggest challenge for the Greek banking system. In late November 2016, the Bank of Greece, in cooperation with the Single Supervisory Mechanism (“SSM”) of the European Central Bank set operational targets for the reduction of NPEs of Greek banks, which were accompanied by key performance indicators. Quarterly operational targets were set, beginning from June 2016 up until the end of 2017 and annual targets for the years 2018 and 2019. In September 2017, the operational targets were revised, aiming at a 37% reduction of NPEs during the period June 2017 – December 2019. In September 2018, new operational targets were submitted by Greek banks to the SSM for the period extending to the end of 2021, which aim to reduce NPEs to 20% level of gross loans or c. €50 billion reduction versus 30/9/2018 levels. Operational targets have been incorporated in banks’ strategy through their business plans, while at the end of March 2019 the Greek banks re-submitted updated estimates for 2021 along with all high NPL SSM banks.

To attain the goal of NPE reduction, the legislative framework on insolvency has been reformed and banks have taken significant initiatives. Specifically, electronic platforms for out-of-court workouts (“OCW”) and for real estate auctions have been established and are showing signs of progress after a slow start. The institutional framework governing NPL servicing companies has been amended with 16 servicing firms currently operating in Greece, while efforts to improve interbank cooperation (e.g., the NPL Forum) have been initiated. Meanwhile, the secondary market for NPEs has kick-started with very positive results, with more than 10 transactions being completed or at an advanced stage in one year. Two important secured transactions have already been completed at satisfactory prices, and several transactions have been made in unsecured retail portfolios. In addition, a new law is offering legal protection to bank executives dealing with loan restructuring and the rights of secured creditors have been strengthened.

Based on September 2018 data, NPEs decreased by 21.0% and 10.3% compared to March 2016 (when NPEs had reached their peak) and December 2017 respectively, dropping to €84.7 billion or 46.7% of total gross loans as at 30/9/2018. The decrease is mainly due to write-offs amounting to €4.4 billion and sales of €5.2 billion. The banking system NPE coverage by cumulative provisions has marginally increased to 47.0% in September 2018 from 46.3% in December 2017, mainly due to the additional ECL allowance that banks formed as a result of the IFRS 9 First Time Adoption (“FTA”) impact on 1/1/2018.

Other significant developments that could play a role in the banks’ NPE management efforts during 2019 are:

- A legislative proposal for a new scheme for the protection of primary residence, that will substitute the expired as of 28/2/2019 framework, has been proposed by the Greek Government and is currently being negotiated with European authorities. The scheme incorporates a State subsidy for mortgages and could provide assistance to a targeted group of borrowers with loans secured by primary residence (the item is pending at the time of the approval of the Annual Financial Report).
- Two State-supported schemes that have been put forward a) by the Hellenic Financial Stability Fund (“HFSF”) along with the Ministry of Finance and b) the Bank of Greece and if introduced could provide further support to NPE reduction while limiting moral hazard.
- New guidelines introduced by the ECB to address the stock as well as new NPEs in a phased-in fashion.

Piraeus Bank Developments

2018 was a year of progress for Piraeus Bank. From a financial point of view, this was the year which signaled the recovery of the Bank’s financial performance. The Bank returned to profitability post many years of losses, on the back of provisioning. The improvement in liquidity and asset quality accelerated. The Bank completed two NPE portfolios sales, one secured and one unsecured, the secured one marking the launch of the secondary NPE market in Greece. On an institutional level, the year was characterized by the completion of the vast majority of the commitments under the Bank’s revised Restructuring Plan. The Bank has adopted best practices of corporate governance, which led to the appointment of the current BoD, as well as the significant reshuffling of its top management.

The most important corporate events for the Group during 2018 and up to the publication of the 2018 Annual Financial Report, were the following:

- On 1/1/2018, the Group implemented IFRS 9 “Financial Instruments”, proceeding to offering information necessary to understand the effect of the IFRS 9 FTA impact on the Group Statement of Financial Position as at 1/1/2018. The IFRS 9 FTA impact on the Total Equity of the Group on 1/1/2018, was the reduction of €1,969 million. More details on the IFRS 9 FTA impact are given in Note 54 of the 2018 Annual Financial Statements.
- On 2/1/2018, was the last day (T) for the exercise of Piraeus Bank Titles Representing Share Ownership Rights (Warrants). During their 9th and last exercise process, a total of 7,136 Warrants on shares issued by the Bank and owned by the HFSF were exercised, resulting in 15 new common shares and a commensurate increase of the Bank’s free float. After the exercise orders settlement date, namely on 5/1/2018 (T+3), the 843,629,886 Warrants that had not been exercised by that date automatically expired and were cancelled by the HFSF.
- On 17/1/2018, €1.5 billion of fixed rate ESM bonds, received within the framework of the short-term measures for the relief of Greek public debt, were exchanged for cash, ending the bond exchange programme, which was initiated during February 2017.
- In February 2018, Piraeus Bank initiated a Voluntary Exit Scheme (“VES”), which received applications for participation from more than 1,300 employees of the Bank and its subsidiaries in Greece.
- On 27/2/2018, the credit rating agency Moody’s upgraded the long term deposit and senior debt credit rating of Piraeus Bank to ‘Caa2’ with a stable outlook from ‘Caa3’ with a stable outlook.
- During March 2018, the procedure for the sale of Piraeus Bank’s subsidiary Olympic Commercial and Tourism Enterprises – which holds the Avis Rent a Car, Budget Rent a Car and Payless master franchises for Greece – to a special purpose company designated by Avis Budget Group was completed.
- On 23/4/2018, the sale of Piraeus Bank Beograd A.D. to Direktna Bank A.D. was completed, following the receipt of the necessary regulatory approvals by the HFSF, the National Bank of Serbia and the Serbian Competition Authority.
- On 5/5/2018, the ECB announced the results of the Stress Test Exercise conducted by the ECB and the European Banking Authority (“EBA”) on the four Greek systemic banks. The reference balance sheet for the conducted exercise was the balance sheet of the Bank as at 31/12/2017 (“Static Balance Sheet”), which was stressed under a “baseline” and an “adverse” scenario. Under the Stress Test Exercise, Piraeus posted a Common Equity Tier 1 capital ratio (“CET1 ratio”) of 14.5% under the “baseline” scenario and 5.9% under the “adverse” scenario at the end of 2020.
- On 29/5/2018, Piraeus Bank entered into an agreement for the sale of secured with real estate collateral non-performing and denounced corporate NPEs, of €1.4 billion gross book value, to Bain Capital Credit LP. On 31/10/2018, the transaction was completed, following the fulfillment of all conditions precedent to the completion of the transaction, including the approval by the HFSF. Post-closing, the Bank has no control over the servicing of the portfolio and retains none of the risks and rewards associated with it.
- On 29/6/2018, Piraeus Bank completed the sale of Piraeus Bank Romania to J.C. Flowers & Co. following the receipt of the necessary regulatory approvals by the National Bank of Romania.
- On 2/7/2018, Piraeus Bank. announced that it entered into an agreement with APS Investments S.a.r.l. for the sale and transfer of non-performing, denounced unsecured retail consumer and credit card loans of €0.4 billion gross book value. On 26/10/2018, the transaction was completed, following the fulfillment of all conditions precedent to the completion of the transaction, including the approval by the HFSF. Post-closing, the Bank has no control over the servicing of the portfolio and retains none of the risks and rewards associated with it.
- On 3/7/2018, the credit rating agency S&P Global upgraded the long-term / short-term ratings of Piraeus Bank to ‘B-/B’ with stable outlook from ‘CCC+/C’ with stable outlook.

- On 12/7/2018, Piraeus Bank brought down to nil its funding through ELA from €0.3 billion as at 30/6/2018 and €5.7 billion as at 31/12/2017.
- On 31/7/2018, the four systemic Banks entered into a servicing agreement with a credit institution specialized on servicing of non-performing loans, doBank S.p.A (doBank). DoBank will support them in the exclusive management of common NPEs of more than 300 Greek SMEs with an approximate nominal value of €1.8 billion, by facilitating the search for effective and viable restructuring solutions, in the cases where this is feasible.
- On 7/8/2018, Piraeus Bank announced that it has entered into an agreement with Balfin Sh.p.k and Komercijalna Banka AD, for the sale of shareholding (98.8%) in its subsidiary in Albania, Tirana Bank. On 28/2/2019, the transaction was completed, following the fulfillment of all conditions precedent to the completion of the transaction, including the approval by the HFSF. The total consideration of the sale amounted to €57 million and the transaction was capital accretive for the Group.
- On 31/8/2018, DBRS Ratings finalized its provisional investment grade credit rating of BBB (low) to Piraeus Bank's €10 billion Global Covered Bonds Program, under which there are currently five outstanding series worth €4.5 billion of covered bonds.
- On 8/10/2018, Fitch ratings upgraded the long-term and short-term issuer rating of Piraeus Bank to CCC/C from RD/RD before, on the lifting of restrictions on deposit withdrawals.
- On 7/11/2018, Piraeus Bank reached an agreement for the sale of its shareholding in the share capital (99.98%) of its subsidiary Piraeus Bank Bulgaria AD to Eurobank Bulgaria AD for a consideration of €75 million. The transaction is subject to customary conditions, including the approval of the HFSF. The resulting RWA relief from the transaction for the Group stands at €0.7 billion.
- On 28/11/2018, Piraeus Bank's Board of Directors considering also the Bank's strategy to safeguard capital and build up further buffers vs capital requirement levels as described in Note 4.18, of the 2018 Annual Financial Statements, exercised its discretion, explicitly provided under the terms of the Contingent Convertible Bond Issuance Programme (CoCos Programme), to cancel the forthcoming interest payment. It is further noted that, such a non-payment results in cancellation of the respective amount, which under the CoCos Programme, is no longer considered as due and payable. For further information related to the main terms of the CoCos, please refer to Note 44.
- On 31/12/2018, pursuant to a Share Sale and Purchase Agreement between Piraeus Bank and Matrix Insurance and Reinsurance Brokers, the Group's subsidiary entity Piraeus Insurance Brokers was deconsolidated. The consideration of the transaction amounted to €27 million.
- On 8/3/2019, Moody's Investors Service affirmed Piraeus Bank's long-term deposit rating at Caa2 while the outlook was changed to positive from stable.

Organisational Structure of the Piraeus Bank Group

The Piraeus Bank Group, either through the Bank or its subsidiaries, provides a wide variety of banking products and services to retail customers and corporate clients.

In the Q1.2018 the Executive Committee of the Group, in line with the implementation of its strategic plan, changed its segment analysis from the traditional product oriented segmentation applied up to and including 31/12/2017 to a customer oriented segmentation perspective.

Under its strategic plan the Group was split into two operating pillars to streamline its operations. The new segments that have derived from these are defined as follows:

Piraeus “Core” Segments

Retail Banking – This segment includes mass, affluent, private banking, small businesses, and public core segments and channels.

Corporate Banking – This segment includes facilities relating to large corporates, shipping, SME, green banking and the agricultural segments.

Piraeus Financial Markets (PFM) – This segment includes the fixed income, foreign exchange, treasury activities (including the interest rate gap resulting from all bank activities) as well as the institutional clients’ segments.

Other segments – This segment includes the results of all management related activities which cannot or should not be allocated to specific customer segments. This segment also includes all the funding related transactions which are made as a result of an Assets/Liabilities Management Committee decision.

“Piraeus Legacy Unit” Segment

PLU – This segment includes the RBU, which is considered to be non-core business, international subsidiaries (as there is a clear commitment through the Bank’s restructuring plan to deleverage from its foreign assets) as well as real estate owned (“REO”), non-core Greek subsidiaries and discontinued operations.

Evolution of Volumes and Results of Piraeus Bank Group during 2018

Piraeus Bank has a systemic position in the Greek banking market in terms of total assets amounting to €61.9 billion as at 31/12/2018, deposits (29.0% market share) and loans and advances to customers at amortised cost (29.3% market share, with 32.5% in corporate lending). Savings deposits constitute 34.2% of the total domestic deposits of the Bank with time deposits at 38.9% and sight deposits at 26.9%. Business deposits correspond to 26.7% of the total domestic deposit base at Piraeus Bank with retail deposits at 73.3%. Piraeus Bank has a dominant position in the SME market, as around 80% of the domestic SMEs are customers of the Bank. Piraeus Bank’s domestic loan book consists of corporate (63.2%), mortgage (27.8%) and consumer, personal & other loans (9.0%). The Bank holds the most extensive footprint in Greece with 553 branches and a wide customer base of 5.3 million active customers. The free float on its share capital is high with c.28k common shareholders, holding 73.6% of the Bank’s common equity (the HFSF holds 26.4%).

Balance Sheet

Regarding the financial position of Piraeus Group as at 31/12/2018, total assets amounted to €61.9 billion compared to €67.4 billion as at 31/12/2017.

Customer deposits of the Group continued to recover for another year, reaching €44.7 billion as at 31/12/2018, posting an increase of 4.7% compared to 31/12/2017. This increase is solely attributable to the Group’s activity in Greece, where customer deposits increased by 8.8% to €44.5 billion. The declining trend in time deposits’ cost continued during 2018, with new time deposits’ cost at 0.6% in the Q4 2018 versus 0.7% a year earlier. Group international operations customer deposits amounted to €0.2 billion as at 31/12/2018 from €1.8 billion as at 31/12/2017, as customer deposits were reduced by €1.6 billion from discontinued operations in Albania and Bulgaria.

Amounts in million euros (Unless otherwise stated)

	Selected Balance Sheet Figures		
	31/12/2018	31/12/2017	YoY
Gross Loans	53,091	60,260	-11.9%
Less: Expected Credit Loss (ECL) Allowance	(13,334)	(15,541)	-14.2%
Net Loans	39,757	44,720	-11.1%
Financial Assets	3,054	3,727	-18.1%
Other Assets	19,069	18,969	0.5%
Total Assets	**61,880**	**67,416**	**-8.2%**
Due to Banks	5,548	11,435	-51.5%
Deposits due to customers	44,739	42,715	4.7%
Other Liabilities	4,087	3,722	9.8%
Total Liabilities	**54,374**	**57,872**	**-6.0%**
Total Equity	**7,506**	**9,544**	**-21.4%**

Utilisation of Eurosystem funding was significantly reduced in 2018, to €3.2 billion as at 31/12/2018 from the level of €9.7 billion as at 31/12/2017, supported from deposits increase, the access to the interbank repo market, the further loan portfolio deleveraging and the participation of the Bank in the EFSF bond exchange program with cash (nominal value €1.5 billion). ELA funding was eliminated in July 2018 from €5.7 billion as at 31/12/2017. Access to the interbank market with the use of collaterals reached €1.9 billion as at 31/12/2018 from €1.5 billion as at 31/12/2017.

Gross loans as at 31/12/2018 amounted to €53.1 billion. Total gross loans in Greece stood at €52.0 billion, of which €1.6 billion was related to the disbursement of an agri-loan towards OPEKEPE for the distribution of European Commission subsidies towards approximately 700 thousand farmers (which was repaid in February 2019). Loans stemming from the Group's international operations amounted to €1.0 billion as at 31/12/2018 from €2.4 billion a year earlier. Net loans stood at €39.8 billion as at 31/12/2018, with the Group's net loans to deposits ratio at 85.3% (excluding seasonal OPEKEPE loan), having improved from 31/12/2017 (102.6%).

	Selected Asset Quality Figures	
	31/12/2018	31/12/2017
NPEs	27,331	32,856
NPEs Bank	26,183	31,384
NPLs	17,403	20,721
NPLs Bank	16,756	19,779

The Group's gross loans in arrears over 90 days ratio (NPLs) was 32.8% as at 31/12/2018 from 34.4% as at 31/12/2017, while the respective ratio for Bank's operations was 31.4% from 33.1% respectively. The Group coverage ratio of loans in arrears over 90 days by ECL Allowance stood at 76.6% as at 31/12/2018 from 75.0% a year earlier and for the Bank's operations at 76.2%. The particularly high level of ECL Allowance over gross loans ratio of the Group should be highlighted, which reached 25.1% on 31/12/2018. Respectively, the NPEs over total gross loans ratio for the Group stood at 53.0% as at 31/12/2018 from 56.3% as at 31/12/2017, declining due to the continuous efforts of the group to improve its asset quality.

It is worth noting that NPLs declined to €17.4 billion as at 31/12/2018 from €20.7 billion as at 31/12/2017, while NPEs declined to €27.3 billion from €32.9 billion at the respective dates.

As part of the submission of operational targets for asset quality to both ECB and Bank of Greece, Piraeus Bank has committed to reduce its NPEs and NPLs, between September 2018 and December 2021, by approximately 52% (at the parent level), while at the end of March 2019 Piraeus Bank and the three other systemic Greek banks re-submitted updated estimates for 2021 along with all high NPL SSM banks.

The Bank's overall strategy in managing NPEs is to achieve a balance between ambitious NPE reduction and managing the stock of NPEs in such a way to create value in the longer term:

- one of the challenges in decreasing our NPEs is to optimize between present value of our receivables and future value given the upside that the macro recovery will bring into the picture. As a result, our target of decreasing NPEs is going hand in hand with our target of maximizing shareholders value;
- the Bank recognises its duty to support the real economy by providing continued funding to viable companies and individuals.

These principles determine the Bank's strategic priorities in response to the financial constraints currently in place:

- provide as many as possible long term viable solutions that will take customers back to the performing book and at the same time maintain options to take a share of the future upside
- proceed with resolution for non-viable or uncooperative customers/businesses when it is clear that restructuring is not a viable option, thus enabling the Bank to preserve its value
- proceed carefully with write-offs either as part of the restructuring solution on justifiable cases or following the exhaustion of legal actions
- given the above, the bank assesses a number of alternatives, such as the engagement in servicing platforms, and sales.

Profit & Loss

The Group's net interest income eased to €1.4 billion in 2018 from €1.6 billion in 2017 - despite the improvement from the reduction in the cost of funding - due to asset deleveraging and the effect of the IFRS 9 FTA and the standards for loan exposures in Stage 3 resulting to lower accruing loan balances. Net fee and commission income amounted to €0.3 billion in 2018, with a small annual rise compared to 2017. Total net income for 2018 amounted to €1.9 billion from €2.1 billion in 2017.

The Group's total operating expenses in 2018 stood at €1.2 billion, compared to €1.1 billion in 2017, as a result of the cost of the Voluntary Exit Scheme through which more than 1,300 employees left the Bank. Excluding the VES cost, total operating expenses amounted to €1.0 billion, a reduction of 7.6% versus the previous year respectively.

As a result of the above, Group profit before provisions, impairments and income tax for the full year 2018 amounted to €0.7 billion, compared to €1.0 billion in 2017. The results of 2018 were burdened by ECL impairment charge on loans amounting to €0.5 billion, compared to €2.0 billion in 2017. The normalisation of the ECL impairment charge can be attributed to the large amount of accumulated past provisions, the IFRS 9 FTA impact, the sales of NPE portfolios, and the loan deleveraging. In addition, other assets were impaired by €109 million in 2018 from €240 million in 2017.

The Group's profit before income tax in 2018 amounted to a gain of €80 million from a loss of €1.2 billion in 2017, while profit for the period from continuing operations attributable to shareholders amounted to a gain of €185 million in 2018 comparable to a loss of €9 million in 2017, positively affected from the recognition of deferred tax asset on the difference between the ECL allowance and the tax base.

Amounts in million euros (Unless otherwise stated)

	Selected Profit & Loss Figures		
	31/12/2018	31/12/2017	YoY
Net Interest Income	1,410	1,639	-14.0%
Net Fee & Commission Income	339	331	2.4%
Other Income	133	176	-24.4%
Total Net Income	1,882	2,146	-12.3%
Staff Costs	(616)	(546)	12.8%
-excl. VES costs	(462)	(529)	-12.7%
Administrative Expenses	(441)	(460)	-4.1%
Depreciation & Other	(104)	(100)	4.0%
Total Operating Costs	(1,161)	(1,106)	5.0%
-excl. VES costs	(1,007)	(1,089)	-7.5%
Pre Provision Income	721	1,041	-30.7%
ECL Impairment on Loans	(532)	(2,020)	-73.7%
Impairment on Other Assets	109	240	-54.6%
Pre Tax Result	80	(1,219)	-
Tax	(93)	(1,207)	-
Profit/ (Loss) for the period	173	(13)	-
Net Result Attributable to Shareholders from Continuing Operations	185	(9)	-
Discontinued Operations Result	(344)	(192)	-

Capital

As at 31/12/2018, the Group's total equity amounted to €7.5 billion from €9.5 billion a year earlier, mainly due to the IFRS 9 FTA impact of €2.0 billion. The Group's Basel III total capital adequacy ratio stood at 13.65% on 31/12/2018, equivalent to the Common Equity Tier 1 (CET 1) ratio. The amount of deferred tax assets which is included in the Group's regulatory capital in accordance with the provisions of Greek Laws 4172/2013, 4302/2014, 4340/2015, as of 31/12/2018 was €3.9 billion. The Group's fully loaded CET 1 stood at 10.7%. Considering the effect of the sale of Tirana Bank in Albania and Piraeus Bank Bulgaria in risk weighted assets (RWA), the Group's total capital adequacy ratio (phase – in) will reach 14.0%.

Following the conclusion of the SREP (Supervisory Review and Evaluation Process) for year 2018, the ECB informed Piraeus Group of its total capital requirement, valid from 1/3/2019. According to the decision, the Group has to maintain an overall capital requirement ratio ("OCR") of 14.00%, which includes: (a) the minimum Pillar I total capital requirements of 8.00% as per article 92(1) of Regulation 575/2013/EU; (b) the additional Pillar II capital requirement of 3.25% as per article 16(2) of Regulation 1024/2013/EU; (c) the fully loaded capital conservation buffer of 2.50% as per Regulation 575/2013/EU, and (d) the transitional Other Systemically Important Institutions ("O-SSI") capital buffer of 0.25% under Greek Law 4261/2014.

Presence

The Group's branch network of its continuing operations as at 31/12/2018 totaled 573 units, of which 553 operated in Greece and 20 in 3 other countries. The branch network in Greece was reduced by 67 units and abroad by 113 units during 2018 as a result of the rationalisation plan and the sale of Albanian and Bulgarian operations. At the same time, the Group's headcount totaled 12,557 employees in the continuing operations, of which 12,097 were employed in Greece (2017: 15,115 and 13,253 respectively).

Amounts in million euros (Unless otherwise stated)

Share Capital

On 31/12/2018, the share capital of the Bank amounted to € 2,617 million divided into 436,659,164 ordinary shares bearing a voting right and at a nominal value of €6.00 each. Common shares of Piraeus Bank are intangible and listed on Athens Exchange.

The 2/1/2018 was the final date (T) for the exercise of Piraeus Bank Warrants. In the ninth and final exercise process of Warrants, 7,136 Warrants on shares issued by the Bank and owned by the HFSF have been exercised, resulting in 15 common shares of Piraeus Bank, which commensurately increased its free float. After the settlement date of the exercise orders on 5 January 2018 (T+3), the Warrants which were not exercised by that date amounted to 843,629,886 and they automatically expired and were cancelled by the HFSF. The number of the outstanding shares of the Bank post the completion of the final exercise process of the Bank's Warrants, is the following:

Number of common shares owned by the HFSF / Percentage of total share capital	115,375,400	26.42%
Number of common shares owned by private investors / Percentage of total share capital	321,283,764	73.58%
Total number of outstanding common shares / Percentage of total share capital	436,659,164	100.00%

Pursuant to par. 1, art. 16C of Greek Law 3864/2010 the acquisition of treasury shares by the Bank is not permitted, without the approval of HFSF, for as long as the HFSF is a shareholder of the Bank. The purchases and sales of treasury shares during 2018, as well as the treasury shares owned as 31/12/2018, are related to transactions that are carried out by the Group's subsidiary Piraeus Securities S.A. through its activities, which are derived from its role as a market maker.

Going concern conclusion

Management has concluded that the financial statements of the Group and the Bank have been appropriately prepared on a going concern basis as of 31/12/2018 taking into account:

a) the significant positive developments that have taken place in the Greek economy during the last years and the estimates that point to the macroeconomic environment maintaining its growth momentum,

b) the Group and the Bank's improving liquidity position, including zero reliance on Emergency Liquidity Assistance "ELA" since July 2018 diversified sources of funding,

c) the upward trend in the Group's profitability from continuing operations and

d) the Group's capital adequacy.

The basis for conclusion is presented in Note 2.1.2.

Implementation of the Restructuring Plan

In November 2015, Piraeus Bank submitted to the European Commission a revised Restructuring Plan (RP), which was approved by the HFSF and on 29/11/2015 by the European Commission. Economic developments and the results of the 2015 ECB's diagnostic exercise led to the need of revising the Bank's initial Restructuring Plan of 2014 and updating the Hellenic Republic's commitments towards DG Comp of 2012, on the back of new potential State Aid being received. The role of the Monitoring Trustee (MT), initially appointed in 2013 by the Bank was enhanced to ensure the proper monitoring of i) the RP and ii) the aforementioned updated Commitments. The amended mandate of the MT also ensured that the latter participated as an observer in the meetings of the Board of Directors, including the meetings of the Risk Committee, the Strategy Committee and the Group Executive Committee.

The revised RP was based on macro-economic assumptions as provided by the European Commission as well as on regulatory assumptions. It identified key initiatives to strengthen the organization and governance of the Group, included further enhancement of risk management practices to ensure that the Group runs under a clear and rigorous risk management system and ensured a prominent role of risk in strategic planning. The Commitments under the revised plan were in line with the medium-term strategic and financial objectives of the Bank. The Commitments which formed an integral part of the RP consisted of 27 Commitments on Corporate Governance & Commercial Practices with deadline 30/6/2018 and the following 13 Restructuring Commitments with deadlines from 30/6/2016 to 31/12/2018:

1. The reduction of the number of branches in Greece to a maximum of 650 branches by 31/12/2017.
2. The further reduction of the number of the employees in Greece to a maximum of 13,200 by 31/12/2017.
3. The reduction of the total operating costs in Greece to a maximum of €1.1 billion for the year ending 31/12/2017.
4. The reduction of the Bank' s cost of funding by 31/12/2018, through the decrease in the cost of deposits collected in Greece in order to restore the Bank's pre-provision profitability.
5. The reduction of the net loans to deposits ratio for Piraeus' Greek banking activities to no higher than 115% by 31/12/2018.
6. The limit to the annual growth rate of gross loans for the Greek banking activities that cannot be higher than the growth rate of the market according to the estimates of the European Commission.
7. The limit to the equity or subordinated capital support to any foreign subsidiary.
8. The elimination of the Bank's total size of the portfolio of foreign assets by 30/6/2018 through deleverage or less than 20% of the 2012 exposure through run-off.
9. The sale of insurance activities (ATE Insurance and ATE Insurance Romania) by 31/12/2016.
10. The disposal of the listed securities portfolio by 30/6/2016 and the disposal of the unlisted securities portfolio by 31/12/2017, for all investments greater than €5 million (subject to certain exceptions).
11. The independency of the purchaser for any sale performed under the divestments commitment.
12. The ban on purchasing non-investment grade securities until 30/6/2017 (subject to certain exceptions).
13. The implementation of a cap on the remuneration of the Bank's employees and managers (salary cap).

The 27 Commitments on Corporate Governance & Commercial Practices covered two main areas:
1. The efficient and adequate internal organization consisting of 8 Commitments focused on governance, internal controls, audit and risk and the following 3 specific restrictions: a. No dividend payment on ordinary shares (dividend ban), b. No acquisitions of stakes in assets or share transfers (acquisition ban), c. No advertising referring to state support (advertising ban).
2. The Commercial practices and risk monitoring consisting of 19 Commitments focused on Credit policy and pricing, Risk management and monitoring and Connected Borrowers monitoring and reporting.

Piraeus Bank has completed within the set time limits (e.g. by 30/6/2018) the 27 Commitments on Corporate Governance & Commercial Practices, as per the official MT verification. As of 1/1/2019, the Monitoring Trustee does not participate in any Board of Directors or Committees' meetings and monitors only the 2 pending Restructuring Commitments (No 8-Deleverage of non-Greek assets & No 10-Sale of securities) through relative documentation provided by the Bank.

Following the completion of the sale of Tirana Bank on 28/2/2019 and the agreement for the sale of Piraeus Bank Bulgaria, the remaining assets –subject to the sale commitment are of immaterial size (€0.2 million) - compared to the total initial sale perimeter, of €10 billion. These assets face legal or other unresolved issues that generate significant delays in their sale mostly beyond the Bank's control. The Monitoring Trustee and DG Comp have acknowledged the immateriality of the remaining assets' size and noted the Bank's laudable effort to deleverage and sale the assets of No 8 & No 10 perimeter in the last 3 years. Following the pending regulatory approval of the sale of Piraeus Bank Bulgaria, Piraeus Bank will in essence have completed all Restructuring Plan commitments given the immateriality of the remaining commitments assets size.

Non-Financial Information 2018 (Greek Law 4403/2016)

Group Human Resources & Organisational Learning

Building of a Strong Common Corporate Culture

Piraeus Bank shaped its Purpose and Values, aiming to build a strong, common culture based on the principles of accountability, meritocracy and transparency, which is perceived as its competitive advantage. Its purpose is to be a pillar of stability for the Greek economy, to fuel growth and to promote innovation. Its abiding footprint is positive for the benefit of customers, employees, shareholders and society at large, fully reflecting its values. Its new corporate values launched in June 2018, emerged from the input of all employees, and are defined as follows:

- We create value in all we do
- We challenge frontiers
- We enthuse our customers
- We build relationships of trust

In the context of the cultural transformation project of the Bank a roadmap of initiatives was developed with strong impact on culture. Major initiatives included:

a) Become & Achieve, the new People Performance Management for all hierarchical levels launched in April 2018, which encourages open communication and feedback culture, through regular performance dialogues, check in's and team & peer feedback. The new PPM is aligned with the Bank's strategic objectives and culture and it is based on three main principles: high performance, accountability and trust.

b) Breakfast with Leaders where the CEO and Executive Committee members meet with employees in an informal context to share strategic directions and values. During the year more than 400 employees participated.

c) In mid-September the Values Festival took place, a large-scale internal event to convey the message of change, activating concentric group of leaders to reach the entire organization. Through a marketplace concept, 21 core business initiatives were presented, linked to the 4 corporate values. Over 550 employees participated.

d) Leaders on site visits, an initiative to cascade further our new values and the personal contribution to realize change. From October to December 2018, 8 meetings at 7 region cities around Greece took place with 500 participants.

Ethical and Sustainable Workplace

Fostering an ethical and sustainable workplace, we focus on providing the framework with the adequate policies, procedures and actions that will positively affect the prosperity of all employees, in alignment with the promotion of ethical culture.

Respect of the human rights principles transpires all human resources management policies, focusing on equal opportunities and respect within the working environment. The Human Rights Policy is available to all employees through the internal communication channel, while the principles of Human Rights policy are published on the Group's corporate website. The respective e-learning course "Human Rights, Equal Opportunities and Diversity in the Workplace" has been revised according to the applicable legislation regarding personal data protection. The lesson has been completed by 67% of the employees in the Bank, measuring 37,545 hours of training.

In order to ensure that all employees are aligned with the Bank's purpose, values and principles, the existing Code of Conduct & Ethics was revised during 2018, aligning with the new culture and principles of the Bank, in order to foster actions and behaviors of the new values. There is a distinct reference to the new Whistle Blowing procedure for submitting complaints and raising concerns in case of misconducts or illegal acts that oppose to the Bank's internal policies and procedures. All employees are informed regarding the Bank's Code of Conduct & Ethics and sign a solemn declaration of the Code's receipt and notification during hiring. The Code of Conduct & Ethics is available in the internal website of the Bank, HR Portal, to all employees.

With regards to the provision of equal opportunities and employee mobility, the Bank covers the staffing needs, initially by utilizing internal candidates. In order to ensure the transparent and objective assessment in the selection process, tools such as job simulation tests, aptitude tests and personal interviews are used. For 2018, internal transfers covered 87% of the total staffing needs. The percentage of promotions reached 12.6% in 2018 from 10.4% in 2017.

In the beginning of year, the Group announced a VES for which more than 1,300 employees applied during the year, most of whom have already exited. The terms and conditions of the VES were drafted as socially responsible options and a major criterion, among others, was the creation of optimum long-term benefits for the employees. Regarding the right of employees to form and participate in trade unions, six employee unions are operating in the Bank representing approximately 90% of employees. During the regular meetings between management and union representatives in 2018, various issues were addressed, resolving to a collective employment agreement signed between the Bank and its employees' representative union for the period 7/2018 – 7/2019.

Anti-bribery and corruption

Piraeus Bank is committed to high standards of ethical behavior and operates a zero-tolerance approach to bribery and corruption. In this context, Piraeus Bank has adopted appropriate measures to protect the reputation of the Bank in matters of ethical conduct, financial integrity and reliability of its operations. In this context, all employees receive training for the recognition and avoidance of involvement in bribery, and are encouraged for the awareness and prompt reporting of any case in which bribery is suspected within the administration of the Bank.

The prevention, detection and reporting of bribery is the responsibility of all employees and management of the Group as detailed in the Whistle Blowing Policy. For the purposes of the foregoing, the Bank has established appropriate communication channels for those reporting on cases of bribery, fraud and corruption or for any potential suspicion, with the utmost confidentiality so as to immediately inform the competent authority. Upon authorization of the Group Audit Committee, the Group Internal Audit has been charged with the management concerning the confidential reporting of staff on issues of bribery, corruption and fraud.

Health & Wellbeing

In 2018, the Group continued the provision of health, safety and wellbeing benefits that endure employees and their families. Specifically, 422 mothers benefited from the cumulative leave scheme, 5,075 employees took advantage from childcare facility allowances, 1,812 cash awards were given to employees and their children and 37 orthopedic/ ergonomic seats were given to employees to aid with musculoskeletal disorders. Regarding the number of work accidents, during 2018 four accidents were recorded in the Bank's premises.

To reinforce health and safety in the workplace, the Bank aligned with the fire-fighting legislation. During 2018, all premises of the Bank have a dedicated, trained firefighting team and at the same all employees in 120 branches in Greece (25% of the branch network) are trained in firefighting from the local Fire Service departments.

As regards to volunteerism, during 2018, 54 volunteer actions in cooperation with 443 organizations (NGOs, educational and public institutions) took place in the Bank, benefitting 42,660 people in total. While, from the totality of the actions, 26 related to the promotion of youth entrepreneurship which benefited 504 pupils & students. Within the Group, during 2018, 104 actions in cooperation with 447 organizations took place, benefitting 42,788 people in total.

Continuous Learning

Our organisation is committed to ensuring that people have the right skills, knowledge and competencies to add value and drive business fully reflecting the values and strategy of the Organization. To this end, we have structured learning actions in four distinct portfolios to facilitate business units' achieve their strategic objectives:

a) Workplace Wellbeing, covering needs for physical health and safety, human rights, threatening behavior handling, wellbeing etc.
b) Leadership Development, in which the new approach in performance management, "Become & Achieve" constituted the main initiative, fully aligned with the culture transformation project. 1,833 managers attended a one-day workshop to influence, empower and improve the performance of teams and individual members.
c) People Skills, such as customer excellence, negotiation and presentation skills.
d) Banking & Business, the portfolio in which particular emphasis was placed, throughout the year, 59,031 participations were recorded in 524 programs summing up to a total of 273,266 man-hours. Significant percentage of these hours were dedicated to programs relating to the implementation of IFRS 9, new regulation on GDPR, anti-fraud, anti-money laundering, customer complaints management, commercial business proposals, investment & retail products, financing and Bank of Greece regulatory certifications.

The average number of learning hours per employee reached 38 hours in 2018, in accordance with the revised corporate continuous learning strategy and in conformity to the respective average in large institutions.

Principles for Responsible Banking

Piraeus Bank undertakes initiatives for a positive and continuous impact, in order to strengthen sustainability and social wellbeing. Piraeus Bank along with 27 banks from around the world – members of UNEP FI (United Nations Environment Programme Finance Initiative) - launched for global public consultation on 26/11/2018 the Principles for Responsible Banking (PRB) - which will define the banking industry's role and responsibilities in shaping a sustainable future. By committing to the new PRB, banks will align their business with the objectives of the Sustainable Development Goals (SDGs) and the Paris Climate Agreement. The Principles resonate with Piraeus Bank's Purpose and Values.

Participation in Global Sustainability Initiatives and Sustainability Indices

Piraeus Bank participates since 2004 in the UN Global Compact and since 2007 in the UNEP FI. The Bank is included in the FTSE4Good Emerging Index and the Ethibel EXCELLENCE Investment register. CDP rates Piraeus Bank with "Management B", while the oekom-Research index rates the Bank in the medium level with a C- score. MSCI ESG upgraded the Bank to "BBB" from BB, positively assessing the improved corporate governance metrics and its policies on the customer data protection. Piraeus Bank also received an excellent "1 - HIGHER DISCLOSURE" score from ISS Corporate Solutions for the pillars "Society" and "Environment".

Environmental Management – Improvement of Environmental Performance

Piraeus Bank implements an Environmental Management System (EMS) in all its buildings, certified under the European Eco-Management and Audit Scheme (EMAS) regulation and ISO 14001. In 2017, Piraeus Bank purchased Guarantees of Origin for 86% of its total electricity consumption certifying that it derived from Renewable Energy Sources.

The environmental data and KPIs are reported both in Piraeus Bank's Sustainable Development Report[1] and in the Environmental Statement[2] and are validated by a third party assurance agency. In 2017, the electricity and paper consumption per employee were reduced by 2% and 7% respectively, compared to 2016. Furthermore, CO2 emissions per employee were reduced by 1%, compared to 2016. Regarding 2018, Piraeus Bank set the following environmental targets: 2% reduction in total electricity consumption per square meter, 3% reduction in total paper consumption per employee and 2% reduction of its GHG emissions related to electricity consumption per square meter.

Various environmental programs were completed in 2018 concerning the installation of photovoltaic (PV) systems in the Bank's branches, the replacement of the external sign lighting with LED in most of its branches, while the "Energy Office", an environmental software program, monitors most of its buildings in real time for energy and water saving.

In the last decade (2008-2017), CO2 emissions per employee and total electricity consumption per square meter have been reduced by 51% and by 25% respectively. The implementation of environmental programs reduces the Bank's operational expenses by €5 million annually.

Addressing Climate Change

Piraeus Bank calculates annually the climate risk of its business borrowers related to economic sectors that may be affected by climate change. For 2017, the overall climate exposure of Piraeus Bank's business borrowers amounted to €542 million, i.e. 1.3% of their total turnover, from €592 million in 2016 (1.3% of their total turnover). Only 6.7% of the total corporate borrowers of the Bank in 2017 belonged in the category of high climate exposure, the same as in 2016.

Protection of Biodiversity

Piraeus Bank completed in September 2018 the five-year EU co-funded project LIFE-Stymfalia, which introduced for the first time in Greece business opportunities for financing the management of protected areas. Piraeus Bank co-shapes the EU policy for investing in biodiversity by participating in the policy forum "EU Business@Biodiversity Platform. Additionally, Piraeus Bank participates in a team of experts in the framework of the IUCN (International Union for Conservation of Nature), with the aim of exploring business opportunities to finance the management of protected areas.

The PIOP Museum Network, growth factor in the Greek provinces

The Museum Network of the Piraeus Bank Group Cultural Foundation (PIOP) is a model-project that supports local communities. Its on-going aspiration is to maintain the high quality level of the services it provides to the society in the fields of culture, the environment and lifelong learning, as well as to attract various audiences. According to a study conducted by the Foundation for Economic & Industrial Research (IOBE) for PIOP, the museums increase the number of visitors to each place, help extend the length of the tourist season, and upgrade the entire tourist "package". The PIOP network drew 220,000 visitors

[1] Sustainable Development Report 2017: https://www.piraeusbankgroup.com/en/investors/financials/annual-reports
[2] Environmental Statement 2017: https://www.piraeusbankgroup.com/en/corporate-responsibility/environment

in 2016, a number that translates into €6 million "distributed" among these local economies, while the overall contribution of the PIOP Museums to the Greek GDP exceeds €14 million. The number of visitors increased by 43.2% in 2017, to 314,000.

Socially and Environmentally Responsible Banking Products and Services

Piraeus Bank has been actively promoting the fields of Renewable Energy Sources, Energy-Saving, Organic Farming etc., providing support to companies for investments in clean technologies, through specialized financing tools.

Since 2006, Piraeus Bank supports households to reduce their energy consumption and save energy providing Green mortgage and consumer loans as well as a Green financing package for enterprises that choose to upgrade equipment and implement interventions in their facilities in order to obtain energy saving.

Piraeus Bank has entered a series of strategic partnerships with National and European Development Institutions for providing various forms of financing with favorable terms, to promote innovation, start-ups, micro enterprises, young farmers etc. Signed agreements with the above characteristics exceeded € 2.5 billion between 2013 - 2017.

Risk Assessment for Sustainable Finance

Since 2016, Piraeus Bank Group, in order to manage effectively the environmental and social risks of its business loan portfolio, has incorporated in its Credit Policy and the Risk & Capital Strategy, environmental and social criteria. Conducting Environmental and Social Risk Assessment (Environmental and Social Management System, ESMS) incorporated in the process of credit evaluation, the Bank achieves a holistic approach to mitigating potential economic, environmental and social risks of the business activity/project to be financed.

With this holistic approach, assessment and management of business risks, Piraeus Bank aims to help and support its customers to adapt to the new sustainable business model, strengthen their competitiveness, reduce their operational costs, involve in innovative sectors, and in general utilize the opportunities and incentives provided.

In parallel, Piraeus Bank continues financing green entrepreneurship and conducts financial and technical assessment of green projects' sustainability. The techno-economic assessment aims to prevent operational failings and risks, protecting eventually both the customer and the Bank.

Related Party Transactions

With reference to the transactions of the Bank with related parties, such as members of the Board of Directors and the management of the Bank and its subsidiaries, these were not material in 2018, and a relevant detailed reference is included in the 2018 Annual Financial Statements.

Risk Management

Risk Management is an area of particular interest and continuous focus for the Group's senior management having as its target the most effective risk management and control, at the Bank and Group level, and aiming at the preservation of stability and continuity of operations. The prudent application and continuous development of the risk management framework constitutes a priority and is taken into account when designing the operating and strategic plans of the Group.

The Group has established well-defined processes and sufficient mechanisms for the management of risk, in order to identify, assess, measure, control and monitor risks. In this context, the competent authorities of the Group regularly record and reassess its business strategy as regards assuming, monitoring and managing risk and distinguishing transactions and customers by level of risk; they determine appropriate maximum acceptable limits of risk-taking overall by each type of risk, refining each of these limits, they also establish limits for discontinuing loss-making activities and take other corrective actions.

The Group also proceeds with establishing reliable, effective and comprehensive policies and procedures to assess and maintain on an ongoing basis the amounts, composition and distribution of its equity, which the Bank's management each time deems adequate for covering the nature and level of risk the Bank undertakes or may undertake. These policies and procedures are subject to regular internal review and assessment by the Group Risk Management Division in order to ensure that they remain comprehensive, adequate and proportionate to the nature, extent and complexity of the Bank's current activities.

Group Risk Management

Group Risk Management is an independent administrative unit in relation to units of the Bank which have executive responsibilities, or responsibilities for making and accounting for transactions, and carries out the responsibilities of the Risk Management and Credit Risk Control Unit. Group Risk Management is responsible for the design, specification and implementation of the Bank's policies on risk management and capital adequacy in accordance with the directions of the Board of Directors, which covers the full range of Bank activities for all types of risks. The Group's Chief Risk Officer supervises Group Risk Management. For issues of responsibility he reports to the Chief Executive Officer and to the Risk Management Committee and/or through it, to the Bank's Board of Directors.

The Group has in place an officially approved Risk and Capital Strategy, which includes a Risk Appetite Framework. The Risk and Capital Strategy of the Group takes into consideration current conditions and Group commitments, provides guidelines and sets the basis for the definition and formation of a broad risk management culture, in line with the strategic plans with respect to supervisory expectations.

During 2018, Group Risk Management led/participated in a number of major bank-wide strategic initiatives, aiming to further enhance Group Risk Management Framework, those indicatively, but not exhaustively entailing:

- Redesign of the 2018 Risk & Capital Strategy and RAF 2018
- Introduction of risk-based pricing (ART) tool for corporate, project finance, SME and residential mortgage portfolios
- Introduction of the methodology for adjusted return on capital
- Lead of the balance sheet normalisation framework & design/infrastructure project
- Development of a risk data model, in accordance with data governance framework and principles of BCBS 239
- Design, preparation and implementation of Regulation 2016/867/EU for the collection of analytical credit and credit risk data (Credit Dataset, AnaCredit)

Credit Risk Management

Credit risk is defined as the potential risk to realise financial losses stemming from the possibility that counterparties fail to meet their contractual / transactional obligations.

Credit risk is the most significant risk for the Group and therefore its effective monitoring and persistent management constitutes a top priority for senior management. The Group's exposure to credit risk arises mostly from corporate and retail credit, various investments, Over-The-Counter transactions, derivatives transactions, as well as from transactions settlement. The amount of risk associated with such credit exposures depends on various factors, including general economic conditions, market developments, debtor's financial condition, amount/type/duration of exposure and the existence of collateral and guarantees.

Piraeus Bank Group applies a uniform policy and practice with respect to the credit assessment, approval, renewal and monitoring procedures. All credit limits are reviewed and/or renewed at least annually and the responsible approval authorities are determined, based on the size and the category of the total credit risk exposure undertaken by the Group for each debtor or group of connected debtors (one obligor principle). Stress-testing exercises constitute an integral part of the Group's credit risk measuring and quantifying processes, providing estimates of the size of financial losses that could occur under potential extreme financial conditions.

During 2018, the major initiatives, aiming at upgrading the Group's Credit Risk Management Framework, were the following:

- Introduction of Unlikeliness to Pay (UtP) policy and procedures.
- Re-development of IFRS 9 models to adjust for new EBA NPE default definition.
- Establishment of new risk adjusted pricing methodologies for business, mortgage and consumer loans' portfolios leveraging on IFRS 9 methodology.
- Creation of model development standards as part of the Model Management Governance framework.
- New IRB PD model development for Qualifying as Revolving Exposures (QRRE)
- Implementation of projects in order to improve the monitoring of business credit limits
- Tool acquisition for the implementation of the Model Management and Governance Framework and Validation process

Market & Liquidity Risk Management

Market risk is the risk of loss due to adverse changes in the level or the volatility of market prices and rates, including interest rates, equity and commodity prices and foreign exchange rates. As a result of the containment of the trading book volume during the last years, position risk has been materially constrained. The main drivers for market risk currently are general interest rate risk and FX risk. Piraeus Bank measures market risk using the Value at Risk Method (VaR) for both the trading portfolios and the financial assets at fair value through other comprehensive income (FVTOCI) portfolios. The total VaR ranged at relatively low levels in 2018.

The Group has established a Group-wide market risk limit system. The adequacy of the system and the limits are reviewed annually. The adherence to the limits structure is monitored by the Group's Market Risk Management and the responsible units at a subsidiary level as well. Piraeus Bank has adopted and applied widely accepted techniques for the measurement of market risk.

Liquidity risk is the Group's potential inability to anticipate and take appropriate measures to deal with unforeseen decreases or changes in funding sources which could adversely affect its ability to fulfil financial obligations when they fall due. The management of liquidity risk refers to the ability to maintain sufficient liquidity to meet payment obligations when they fall due.

All Group units have applied a uniform liquidity risk management policy for the effective management of liquidity risk. This policy is consistent with the globally applied practices and supervisory regulations, and adapted to the individual activities and structures of the Piraeus Bank Group. The liquidity risk management framework of the Piraeus Bank Group includes policies, methodologies and procedures, as well as specified roles and responsibilities of parties involved.

During 2018, the major initiatives, aiming at upgrading the Group's Market & Liquidity Risk Management Framework, were the following:

- Enhancement of Recovery Plan by incorporating the latest regulatory requirements relating to the inclusion of playbooks in the analysis.

- Enhancement of Internal Liquidity Adequacy Assessment Process (ILAAP).
- Revision of Liquidity Risk Premium methodology incorporated in risk based pricing.
- Technical optimization of Liquidity Maturity Ladder estimation in order to create an automatic link between collateral and funding
- Completion of the project for the migration of VaR calculation from parametric VaR to historical simulation VaR.
- Validation of Quantify calculations regarding mark to market sensitivities and potential future exposures.
- Revision of Market Risk Policy
- Ongoing revision of Interest Rate Risk for Banking Book (IRRBB) methodology and framework development for monitoring interest rate risk in the banking book.
- Development of stress testing framework, in line with EBA Stress Test 2018, in order to calculate Net Interest Income sensitivity to market rates changes.
- Development of internal models for the estimation of Bank’s deposits sensitivity to market rate changes

Operational Risk Management

Operational risk is the risk of loss stemming from inadequacy or failure of internal controls and systems, human factor or external events. Piraeus Bank Group acknowledges its exposure to operational risk deriving from its daily operation and from the implementation of business and strategic objectives.

The Group aims at the continuous improvement of operational risk management, through the implementation and the ongoing development of an integrated and adequate operational risk management framework that conforms to the best practices in Greece and relevant regulatory requirements.

The operational risk management framework, documented through methodologies and processes, covers the identification, assessment, measurement, mitigation and monitoring of operational risk, across all business activities and supporting functions of the Group, focusing simultaneously on the preventive and corrective mitigation of this risk. Furthermore, it aims at the dissemination of a common and comprehensible approach to the management of this type of risk to all the parties involved. The framework includes the following processes: Risk and Control Self-Assessment, Extreme Scenario Analysis, Key Risk Indicators, Action Plans Monitoring, Loss Collection, Value at Risk and Internal Capital calculation, operational risk appetite framework, operational risk mitigation techniques and internal and external reports.

In year 2018, the Bank continued the implementation of the project for the enhancement of the Internal Control System (ICS), which is a key priority of the Senior Management and the Board of Directors. Within this project major initiatives were:

- The establishment of Operational Risk Committee (ORCO), whose main responsibility is for the effective management of operational risks, the monitoring of the effectiveness of the control environment and the continuous development of the ICS in the Group.
- The establishment of upgraded, formalised roles of experts in operational risk & internal control (Segment and Unit Controllers) in the Business Unit structures, who will contribute to the adequate and effective implementation of the ICS.

During 2018, the Bank continued or started, associated to the ICS, a string of projects that contribute to the further improvement of the wider operational risk management framework. Indicatively but not exhaustively, these projects entail:

- The development of an Anti-Fraud Policy aiming to minimize losses and protect the reputation of the Bank, to inform the staff and other stakeholders about the attitude of the Bank and the level of tolerance of the Bank against the risk of fraud, as well as strengthening the staff culture in addressing this risk.
- The improvement of the Product Review, Approval & Control Process by setting a clear governance framework, ensuring

availability of resources and generating adequate controls at all stages of the process.

Capital Management

During 2018, the most important actions taken aiming at strengthening the business decision-making process, optimizing the regulatory capital usage and upgrading Capital Management Framework, were the following:

- Initiatives on Risk-Weighted Assets (RWA) management, including capital awareness, in order to optimize RWA utilization and capital efficiency and meet regulatory requirements
- Incorporation of an updated cost of regulatory capital methodology to the Bank's new risk based pricing engine (ART), setting the benchmark for pricing corporate loans in a way that includes the required returns set by the management and investors
- Redesign and implementation of Pillar III disclosures processes and procedures, to be able to meet the regulatory requirements set by EBA's "Guidelines on disclosure requirements under Part Eight of Regulation EU no 575/2013".
- Implementation of further improvements in risk quantification, leveraging on IFRS 9 models by incorporating LGD modeling into capital requirements calculations
- Supplementation of the internally estimated capital requirements calculations, by sensitivity analysis in major risk types
- Updating and further enhancement of Stress Testing Framework, by taking into account both the evolution in the regulatory landscape, as well as the Group's risk & capital management capabilities and business practices

Furthermore, specific actions were taken during the year with the aim to update the Bank's Risk and Capital Strategy 2018 (Risk Appetite Framework and Risk Inventory) and to enhance both the Group's Credit Control Risk Management and Risk Data Management Operations.

Estimates for the Development of Piraeus Group's Operations in 2019

The prospects of the Greek economy for 2019 remain positive as recovery will maintain its growth momentum despite signs of increased uncertainty arising mainly from the external environment. Most international organisations and institutions are projecting Greece to achieve a GDP growth between 2.0%-2.5% for 2019, driven by business investment, exports and private consumption.

However, challenges remain significant and downside risks exist. The pre-election period poses risks related to the implementation of structural reforms agreed upon with the European creditors. Nevertheless, the domestic landscape has stabilised, since there is now increased consensus that fiscal discipline should be maintained, hence the collaboration between Greece and its European creditors has substantially improved.

Confidence has returned to the Greek banking sector and this is evident across banking operations and especially in terms of liquidity relying on the steady deposit inflows that we have been witnessing in the past 1.5 year.

Asset quality remains a top priority for Greek banks where significant progress has been made in reducing the NPEs, and additional initiatives are being pursued to reduce even further this stock. Current proposals, such as the Greek Asset Protection Scheme, the Bank of Greece Asset Management SPV Structure, and the revision of the so-called "Katseli" Law, provide a systemic approach and can work complementary to the banks' own NPE reduction plans, providing a wide range of flexibilities to the Greek banks, should they become available.

Piraeus Bank, in the context of its business planning, is concentrating on all potentials and opportunities for recovery. The main targets for 2019 are: a) enhancement of revenue sources and operational efficiency to generate sustainable profitability b) improvement of asset quality, through the consistent delivery of the 2021 NPE plan, c) strengthening capital base, d) and expanding lending to support the country's economic recovery.

The Bank is pursuing a number of planned capital actions that are expected to result in capital levels that satisfy both regulatory requirements, as well as the Bank's risk appetite. Further to organic capital generation budgeted for year 2019 and the scheduled Tier II debt issuance, for which the Bank is in a ready-to-go status within a gradually improving market sentiment, Piraeus Bank's management is working on a number of additional non-dilutive initiatives to strengthen capital position, creating buffers above supervisory requirements.

Athens, 29 March 2019

Non - Executive Chairman of BoD	Managing Director (CEO) Executive BoD Member
George P. Handjinicolaou	Christos I. Megalou

CORPORATE GOVERNANCE STATEMENT

This Statement on Corporate Governance of Piraeus Bank forms part of the Board of Directors' Report and contains information regarding the matters of article 43bb) of Greek Law 2190/1920[3] as at the reporting date of 31/12/2018 and the subsequent period up to the publication date of the Annual Financial Report.

In particular, Chapter I describes the institutional and regulatory framework that the Bank applies in terms of corporate governance and operation as well as the elements of its Corporate Governance Structure and Operating Regulation. Chapter II includes the analysis of the composition and manner of operation of the Bank's management, administrative and supervisory bodies and committees, including Internal Control System (ICS), Compliance and Risk Management System implemented by the Bank.

I. APPLICATION OF INSTITUTIONAL FRAMEWORK & CORPORATE GOVERNANCE STRUCTURE AND OPERATING REGULATIONS

Piraeus Bank, in its capacity as a Société Anonyme company listed on the Athens Stock Exchange, in parallel with the provisions of corporate law[4] and its Articles of Association, applies the provisions on Corporate Governance of listed companies set out in Greek Law 3016/2002. Furthermore, Piraeus Bank, as a financial institution, supervised by the ECB, applies the most stringent special provisions of Greek Law 4261/2014 and of the Bank of Greece Governor's Act 2577/9.3.2006 regarding principles of operation of credit institutions and the criteria for evaluating their Internal Control System (ICS).

Furthermore, Piraeus Bank has established and applies the Corporate Governance Structure and Operating Regulation ("the Regulation"), which constitutes an internal document of the Bank. The Regulation incorporates the regulations arising from the mandatory institutional framework (especially Greek Law 3016/2002, Greek Law 4261/2014, Bank of Greece Governor's Act 2577/9.3.2006, Capital Market Commission Resolution No. 5/204/14.11.2000, the provisions of the Athens Stock Exchange Regulations) and adopts the international Corporate Governance practices, including the OECD Principles of Corporate Governance (2004).

Both the Bank's Articles of Association and its Regulation, which have been submitted to the Hellenic Capital Market Commission in writing, are posted on the Bank's website, www.piraeusbankgroup.com. It is noted that both the afore-mentioned documents are currently under review following, inter alia, the adoption as of 1/1/2019 of Greek Law 4548/2018 on companies limited by shares (sociétés anonymes) and the need to fully abide by its provisions.

The main objectives of the Regulation is to:

i) ensure transparency, integrity, functionality and efficiency of the existing system of the Bank's corporate governance and internal control system;

ii) enhance confidence in the Bank for domestic and foreign investors, shareholders, employees and customers;

iii) ensure the Bank's continued compliance with the Greek Laws and regulations governing its organization and operation and its activities;

iv) develop a self-regulating framework within the Bank by establishing rules for its administration, management and staff, which complement the provisions of the existing regulatory framework and are being established with a view to enhancing

[3] which was replaced as of 1/1/2019 by art. 152 of Law 4548/2018
[4] it is noted that during the reporting period (1.1.2018-31.12.2018), Greek Law 2190/1920 was in force. As of 1/1/2019, the aforementioned Greek Law was repealed and replaced by Greek Law 4548/2018.

the Bank's sound and responsible management and operations.

The organisational structure of the Bank complies with the current principles of the institutional framework governing the operation of financial institutions and it is structured in such a way that it meets the needs of the key business sectors in which it operates. Ensuring an effective organizational structure with a clear definition of the competencies and areas of accountability of each administrative unit of the Bank, constitutes the basis upon which the functions and operations of the Bank are founded. Particular emphasis is given to the setting up of a clear organizational structure with distinct, transparent and consistent lines of responsibility, the establishment of efficient and detailed procedures for conducting the Bank's operations and of adequate control mechanisms in respect of such procedures, as well as to the identification, management, monitoring and reporting risks which the Bank assumes or may undertake within the framework of its activities.

A main concern of the Bank is also developing and continuously improving the Internal Control System (ICS), both on an individual as well as on a Group level. These are well-documented, detailed audit mechanisms and procedures, incorporating the best principles of corporate governance and they cover on a continuous basis every activity and transaction of the Bank, contributing to its efficient and safe operation.

The Regulation refers in detail to the area of responsibilities and to the functioning of key bodies of the Bank, in particular to the Board of Directors, the Audit Committee, the Risk Committee, the Remuneration Committee, the Board of Directors Nomination Committee, the Strategy Committee, the newly established Ethics Committee, the Group Executive Committee and also to the Group Internal Audit, the Risk Management and the Regulatory Compliance Units.

Moreover, in the context of the provisions of Greek Law 3864/2010, a Relationship Framework Agreement ("RFA")[5] dated 27/11/2015 was entered between the Bank and the Hellenic Financial Stability Fund ("HFSF"). The RFA regulates the relationship between the Bank and the HFSF on matters related to, amongst others the:

(a) Corporate Governance of the Bank,

(b) monitoring of the implementation of the Restructuring Plan[6],

(c) monitoring of the implementation of, and performance on, the Bank's NPL management framework,

(d) rights and obligations of the HFSF's Representative on the Board,

(e) obligatory approval of the HFSF on material matters, as well as

(f) monitoring of the Bank's risk profile as against the approved Risk and Capital Strategy.

II. MANAGEMENT, ADMINISTRATIVE AND SUPERVISORY BODIES AND COMMITTEES

1. General Meeting of Shareholders[7]

1.1. The responsibilities of the General Meeting

The General Meeting of the Shareholders of Piraeus Bank is the supreme body of the Bank and it is responsible, inter alia, for electing the members of the Board of Directors and the external auditors and for the approval of the Annual Financial Report that incorporates the Board of Directors' Management Report and the Consolidated and Separate Financial Statements. The

[5] Draft of the Relationship Framework Agreement is available on the HFSF's website (http://www.hfsf.gr/files/rfa/RFA_HFSF_revised.pdf)

[6] The restructuring period ended 31.12.2018.

[7] For the accuracy of the information provided at the date of the publication of the Annual Financial Report and which may be of reference of the Bank's Shareholders in upcoming General Meetings, the information provided in this section is based on the provisions of new Law 4548/2018, effective as of 1.1.2019.

responsibilities of the General Meeting are as provided by the legislative provisions in force and the Bank’s Articles of Association.

1.2. Convening of General Meeting

The General Meeting of Shareholders must meet at the Bank's registered office, or within the boundaries of any other municipality in the registered office's prefecture, or within those of an adjacent municipality or in the region of the municipality in which the Athens Stock Exchange is registered, at least once each fiscal year, in accordance with the applicable Greek Law and the Bank's Articles of Association. The General Meeting is convened at least twenty (20) days prior to the session (not including the days of invitation and session) by Board of Directors’ invitation to the shareholders.

The invitation of the General Meeting is posted, according to the Greek Law, on the Piraeus Bank’s website (http://www.pirauesbankgroup.com) as well as on the General Commercial Registry -GEMI. In the event of iterative General Meeting of Shareholders the invitation is announced as described above at least ten (10) days before the meeting. No notice of further convocation is required if the initial convocation states the location and timing of the iterative meeting, provided that at least five (5) full days elapse between the postponed meeting and the iterative one.

Furthermore, from the day of the announcement of the invitation of the General Meeting of Shareholders until the day of the General Meeting the following minimum information is posted on Piraeus Bank's website:

- Explanatory Note for each Item of the agenda, which will be proposed for approval by the General Meeting
- Form of proxy for the participation and voting in the General Meeting via representative
- Extensive Information, according to art. 141 of Greek Law 4548/2018 regarding the shareholder’s minority rights, as defined to par. 2, 3 and 6 of article 141 of Greek Law 4548/2018 as in force, for the minority rights and the terms to exercise them and
- total number of shares and voting rights, as existing at the convocation date of Piraeus Bank’s shareholders to the General Meeting.

The General Meeting is in quorum and takes decisions on the issues of the daily agenda, which are considered valid, if the shareholders representing at least one fifth (1/5) of the paid-up share capital are present or represented. In the absence of a quorum, the General Meeting is convened again within twenty (20) days from the date of the cancelled session, provided that it has been invited at least ten (10) days before the convening. At the iterative session, the meeting is in quorum and takes decision for the issues of the initial daily agenda, which are considered valid, irrespective of the represented part of the paid-up share capital.

On an exceptional basis, for the decisions concerning the change of the Bank’s nationality, change of the Bank’s main activity, augmentation of shareholders’ liabilities, share capital increase that it is not provided for in the articles of association, according to para.1 and 2 of art.24 of Greek Law 4548/2018 unless it is dictated by Greek Law or performed by capitalization of reserves, share capital decrease, unless it is performed according to the paragraph 5 of the article 21 or paragraph 6 of article 49 of Greek Law 4548/2018, change of the way of allocating the profits, merger, spin off conversion, revival, extension of duration or winding-up of company, renewal of Board of Director’s power or granting the Board of Directors power to increase the share capital, according to paragraph 1 of the article 24 of Greek Law 4548/2018, and in any other case as specified by the Greek Law, the meeting is in quorum and takes valid decisions on the issues of the daily agenda, when the shareholders representing half (1/2) of the paid-up share capital are present or represented in it.

If no quorum is reached, at the repeating session, the meeting is in quorum and takes valid decisions on the above issues of the initial daily agenda, when at least the 1/5 of the paid-up share capital is represented.

The General Meeting's decisions are taken by an absolute majority of the votes represented in the session. On an exceptional basis, the decisions provided for in par. 3 of the article 130 of Greek Law 4548/2018 are taken by a majority of 2/3 of the votes represented in the session.

1.3. Right to participate and vote

Shareholders having the right to participate and vote in the General Meeting are those registered at the opening of the fifth day prior to the date of the General Meeting (Record Date), in the electronic registry of the Dematerialized Securities System ("DSS"), managed by "Hellenic Central Securities Depository" (HCSD) and kept by Hellenic Exchanges S.A. ("HELEX"). Proof of the shareholder capacity may be evidenced by all legal means, especially through the information transmitted by the HCSD or by the participants and intermediaries registered to the HCSD.

In the event the required quorum is not met at the General Meeting, the Shareholders having the right to participate and vote at the Iterative General Meeting are those registered in the above registry (Record Date of the Iterative General Meeting).

The Shareholder status on the Record Date and the Record Date of the Iterative General Meeting is verified through the direct electronic linkup of the Bank with the records of the Dematerialized Securities System ("DSS"). No share blocking is required during the period between the Record Date or the Record Date of the Iterative General Meeting and the date of the relevant General Meeting.

1.4. Procedure for participation and voting by Proxy

Shareholders participate in the General Meeting either in person or by proxy whom they can appoint and revoke in accordance with the provisions of Greek Law as in force.

1.5. Shareholder Minority Rights

Shareholders of the Bank have, inter alia, the rights provided for in par. 2, 3, 6 and 7 of art. 141 of Greek Law 4548/2018

- Shareholders representing at least one twentieth (1/20) of the paid-up share capital may request that the Board of Directors includes additional items on the agenda of the General Meeting (GM) by means of an application submitted at least fifteen(15) days prior to the date of the GM. The application for the inclusion of additional items on the agenda for the GM is accompanied by a justification or a draft decision to be approved at the GM. The revised agenda is then published, as in the case of the previous agenda, at thirteen (13) days prior the GM date. At the same time, the revised agenda is made available to Shareholders through its being posted on the Company's website, together with the justification or the draft decision which the Shareholders have submitted, pursuant to article 141, par. 2 of Greek Law 4548/2018. If the additional items are not published as described above, the requesting shareholders are entitled to ask for the postponement of the General Meeting, according to par.5 of art.141 and proceed themselves to the publication at the expense of the Bank.
- Shareholders representing at least one twentieth (1/20) of the paid-up share capital, may submit draft resolutions for items included in the initial or revised GM agenda. Respective application must be submitted to the Board of Directors at least seven (7) days prior to the date of the GM and the draft resolutions are posted to the to the Bank's website (http://www.piraeusbankgroup.com) according to par.3 of art.123 of Greek Law 4548/2018, at least six (6) days prior the date of the GM .
- Following a request submitted by any Shareholder to the Bank at least five (5) full days before the GM, the Board of Directors must provide to the GM the requested specific information on the Bank' s affairs, to the extent that the requested information is useful for the actual assessment of agenda items. The Board of Directors may give a comprehensive reply to Shareholders' applications with the same content. Information disclosure liability does not exist, in the case that the relevant information is already available on the Bank's webpage, particularly in the form of questions and answers.

- At the request of Shareholders representing one twentieth (1/20) of the paid up share capital submitted at least five (5) full days before the GM, the Board of Directors must announce to the Ordinary GM, the amounts that have been paid during the last two years to each Member of the Board or the Bank's directors as well as any benefits that were granted to the above persons for any reason or on the basis of their agreement with the Bank. In all of the above cases, the Board of Directors may decline the provision of information for an adequate and substantial reason, mentioned in the minutes.
- Following a request of Shareholders representing one tenth (1/10) of the paid up share capital, submitted at least five (5) full days prior to the GM, the Board of Directors must provide to the GM information on the progress of corporate affairs and the Bank's assets. The Board of Directors may decline to provide the requested information for an adequate and substantial reason, mentioned in the minutes.

In all of the cases referred to above, requesting shareholders must prove their capacity as a shareholder during the exercise of such a right. Such proof can be an attestation from the organization where the securities are kept or verification of Shareholder status through direct electronic connection between the organization and the Bank.

Information on the operation and decisions of the General Meetings of the Bank's shareholders is available on the Bank's website, trough the following link: http://www.piraeusbankgroup.com/el/investors/corporate-governance/general-meetings

2. The Board of Directors

2.1 Composition

In accordance with article 8 of its Articles of Association, as in force today, the Bank is managed by a Board of Directors (BoD) consisting of nine (9) to nineteen (19) members[8]. Pursuant to Greek Law 3016/2002, the Board consists of executive and non-executive members. The number of the non-executive members should not be less than one third 1/3 of the total number of members. Among the non-executive members, at least two (2) should be independent within the meaning of art.4 of the aforementioned Greek Law. Pursuant to Greek Law 3864/2010, a Representative of the HFSF participates as a Member to the BoD.

His responsibilities are determined in Greek Law 3864/2010 and the RFA. In addition, the RFA provides, inter alia, for the following on the composition of the Board of Directors of the Bank: a) the BoD must be composed of no fewer than seven (7) and no more than fifteen (15) members. Only an odd number of members is permitted, including the HFSF's Representative on the Board, according to Greek Law 3864/2010, b) the Chairman of the Board must be non-executive and should not serve as Chairman of either the Board's Risk or the Audit's Committee, c) the majority of the BoD must be comprised of non-executive members, 50% of which (rounded to the nearest integer) and no less than three (3) members (excluding the HFSF Representative) should be independent, satisfying the independence criteria of Greek Law 3016/2002 and the Recommendation 2005/162/EC, and d) the BoD must include at least two (2) executive members.

The Board of Directors has adopted a Policy on the Nomination of Board Members. Such Policy is based on the regulatory obligations of the Bank and incorporates the following: a) the provisions of Greek Law 4261/2010, b) EBA Guidelines on the assessment of the suitability of BoD members (2012), and c) the provisions of the RFA as well as international best practices. The Policy describes the general principles, the procedure and the criteria of the nomination of BoD members (excluding the HFSF Representative), which include, inter alia, the following: (i) fit and proper criteria, (ii) criteria for the avoidance of conflicts of interest, (iii) criteria on the availability and dedication of sufficient time for the operations of the BoD, (iv) criteria with respect to financial experience within the banking sector, commitment on the application of international best banking practices with particular emphasis on risk management, compliance and the Internal Control System (ICS), sufficient knowledge

[8] Said provision of the Articles of Association will be amended in order to be aligned with the provisions of Greek Law 4548/2018 which prescribe that the maximum number of the Board of Directors are fifteen (15). In every case, the Bank already abides with the provisions of the new Greek Law, its Board of Directors' members being eleven (11).

of the regulatory and business environment in which the Bank operates as well as criteria concerning the independence, ethics and the personality of the candidate member.

More specifically, in order for a person to be considered an eligible candidate by the Board of Directors and the Nomination Committee, such person:

- must meet the suitability criteria (fit and proper) set out under (a) below,
- may have no potential conflicts of interest with the Bank,
- must be able to commit sufficient time to the BoD of the Bank depending on the position for which they are recommended, and
- should have one or more of the qualifications set forth under (d) below.

(a) Suitability criteria (fit and proper)

1. **Honesty, integrity and reliability:** Candidates, based on their background, must be able to inspire the trust required for a member's accession to the highest management body of the Bank. The Nomination Committee ensures that all candidates have an impeccable reputation.
2. **Expertise and prior Professional Experience:** Candidates must possess adequate expertise and have a successful career in their line of business. They must be able to provide relevant evidence of their prior professional experience in satisfaction of the requirements set out herein.
3. **Independence of mind:** Candidates should be able to form opinion and express their independent opinion on all issues undertaken by the Board of Directors.

(b) No conflict of interest – Director ineligibility

The Nominations Committee and the BoD ensure that candidate Directors possess such professional capacities as are compatible with the role of Director of the Bank, and that their personal, business and/or professional interests are not in conflict with the interests of the Bank or the Group, in accordance with the provisions of the Bank's Regulation and the legal and regulatory framework, applicable from time to time. All candidates must, prior to their final election, submit a statement that no conflict of interest with the Bank will arise following their election as Members of the BoD.

(c) Commitment of time

All candidates must be able to dedicate sufficient time and energy to the performance of their duties. In the case of non-executive Directors, special attention should be paid to the number of directorships and other commitments they may hold outside of the Bank.

Pursuant to Article 83 para. 3 of Greek Law 4261/2014 (article 91.3 of Directive 2013/36/EU) and notwithstanding para.4 and 5, of said Article, Directors may not hold more than one of the following combinations of directorships at the same time: (a) one position as executive member of a board of directors and two positions as non-executive members of boards of directors; or (b) four positions as non-executive members of boards of directors.

(d) Desired Director skillset

It is desirable that each candidate possesses one or more of the following attributes, and that the BoD collectively possesses the following skillset:

- **Financial experience in the banking sector (FIE):** Adequate understanding of the banking operations (with emphasis on loans and NPL management), financial services sector and special features of financial institutions.
- **Financial experience:** Adequate understanding of auditing and accounting as well as financial information issues.
- Strong commitment to the implementation of **internationally recognised best banking practices** with emphasis on corporate governance, risk management, compliance and internal control system (the "ICS").
- **Regulatory framework and governance:** Adequate knowledge of the prudential supervision regulatory framework (e.g. national and European financial sector), corporate governance issues and legal liabilities.
- **Risk Management: Ability to oversee the risk management framework including the risk management culture and risk appetite.** Ability to identify, assess and rate the key risks that the Bank faces. Understanding of the fundamental issues pertaining to risk management and asset management.
- **Strategy:** Understanding of the environment where the Bank operates, including the ability to recognize the interests of stakeholders (e.g. shareholders, European Competition Commission, Supervisory Authorities, employees), financial dependencies, as well as other external influences to the organization's capacity to achieve its targets.
- **Leadership:** Experience in large Groups of companies (listed or non-listed), in different sectors, preferably in leadership positions (e.g. Chairman, Managing Director or other role at senior management level).
- **Will to argue constructively during the decision making of the BoD:** will as well as moral and mental stature to constructively challenge the decisions and actions of the Bank's executive management, preserving at the same time the necessary team spirit and avoiding tensions.
- **Gender balance:** Satisfactory gender balance in the composition of the Board of Directors, in accordance with the applicable regulatory framework.
- **Independence:** In the event of an independent non-executive position, candidates must fulfill all the formal independence criteria under Greek Law 3016/2002 and be compatible with the European Commission Recommendation 2005/162/EC, as stipulated in the Relationship Framework Agreement (RFA) with the HFSF.

Additional criteria for Executive Directors: Persons to be assessed for Executive Directors must additionally be willing to enter into a full-time employment or services contract with the Bank. They must also have demonstrated, both in their current and past positions, that they possess the experience, ability and integrity to lead the Bank and the Group in achieving its strategic goals.

The composition and the members of the BoD must also satisfy the criteria set out in par. 7, 8 and 10 of article 10 of Greek Law 3864/2010 for the period the Bank falls under the provision of same Greek Law.

It is noted that according to the new regulatory framework of the Single Supervisory Mechanism (SSM) of the European Central Bank (ECB), each Member of the Board is subject to a fit-and-proper assessment by the SSM for the position held.

The BoD is elected by the General Meeting of the Shareholders of the Bank; which also appoints the independent non-executive members. At the election of Board members, the General Meeting also may elect as members persons who are not shareholders of the Bank.

The HFSF's Representative is appointed by a respective written notice addressed to the Chairman of the Board, following which the Board proceeds to all necessary actions according to the Bank's Articles of Association and corporate law for the completion of this appointment, including the required notification to the General Assembly.

Amounts in million euros (Unless otherwise stated)

The term of office for the members of the Bank's Board of Directors is three (3) years, and is extended until the Annual General Meeting (AGM) which convenes following the expiry of their term. The current BoD was elected on the General Meeting held on 28/6/2017 and consequently its term of office expires on 28/6/2020, to be extended according to the aforementioned.

According to the Bank's Articles of Association, if a Board member resigns, passes away or forfeits his/her office in any way, or whose office is declared forfeited by resolution of the Board of Directors due to unjustified absence from meetings for three (3) consecutive months, the Board may continue to manage and represent the Bank without replacing the missing members if the remaining members are at least nine (9). If the members of the Board fall below nine (9), the Board shall elect a replacement for the remainder of the term of the member being replaced to make up the minimum number of nine (9). The decision of the election shall be published as per corporate law, and the Board of Directors shall announce it at the next General Meeting.

As at 31/12/2018, and on the date of publication of the 2018 Annual Financial Report, the Board of Directors has the following composition, as such was formed following amendments (resignations, replacements of Members) the reconstitution of the Board as a body and the appointment of executive and Non-Executive Members pursuant to Greek Law 3016/2002:

George Handjinicolaou	Chairman of the Board, Non-Executive BoD Member
Karel De Boeck	Vice Chairman of the Board, Independent Non-Executive BoD Member
Christos Megalou	CEO, Executive BoD Member
Georgios Georgakopoulos	Executive BoD Member
Venetia Kontogouri	Independent Non-Executive BoD Member
Arne Berggren	Independent Non-Executive BoD Member
Enrico Tommaso Cucchiani	Independent Non-Executive BoD Member
David Hexter	Independent Non-Executive BoD Member
Solomon Berahas	Non-Executive BoD Member
Alexander Blades	Non-Executive BoD Member
Per Anders Fasth	Non-Executive BoD Member, Representative of the Hellenic Financial Stability Fund to the Board of Directors pursuant to Greek Law 3864/2010

Amendments made to the composition of the Board of Directors in 2017 were announced to the Annual General Meeting of Shareholders of 29/07/2018, pursuant to Article of 18 par.7 of then applicable Greek Law 2190/1920 and Article 9 of the Bank's Articles of Association.

According to the revised RFA, an Observer attends the Board of Directors meetings without voting rights. Finally, an Observer of the Monitoring Trustee also attended the Board of Directors' meetings until 31/12/2018 (see below).

The Board of Directors of the Bank consists of members with international leadership expertise and knowhow and particularly in the areas of banking restructurings and the reduction of non-performing loans. Moreover, the members of the Board possess in depth knowledge and experience of the banking market. In addition, it has become apparent by the assessment performed in 2017 by the HFSF pursuant to article 10 of Greek Law 3864/2010, with the assistance of an internationally recognized expert, that the members of the Board of Directors actively contribute to the improvement of the corporate governance framework, are driving the respective required amendments whilst participating in the creative debates and the quest for solutions to the challenges faced by the Bank.

Information on the current composition of the BoD and short CV of its members are available on the Bank's website (through the following link: http://www.piraeusbankgroup.com/en/investors/corporate-governance/board/bod-composition)

2.2 Diversity of the BoD members

In December 2016, upon suggestion of the Board Nomination Committee, the Board of Directors adopted the Board of Directors Diversity Policy[9]. The latter proceeded to the recording of already applying principles as to the nomination procedure of the Board of Directors members as well as to the top management of the Bank. This Policy is applied in parallel with the Policy on the Nomination of BoD members mentioned above.

The Bank recognizes and embraces the importance and the benefits of diversity for safeguarding and improving its competitive advantage and innovation as well as for the achieving maximum team performance and effectiveness. In this context, when nominating new Board members or top management executives, a combination of elements is taken into consideration, including inter alia: skills, abilities, qualifications, knowledge, experience, educational background, professional training, professional experience, the gender, the age and other qualities, which may vary depending on the identified weaknesses and the business or strategy needs of the Bank.

The election of the Board of Directors by the Annual General Meeting of 28/06/2017 was based (subject to the limitations set by the strict criteria of Greek Law 3864/2010), on the general principles and criteria set out in the Board of Directors Diversity Policy with particular focus to areas related to skills and educational and professional background. The BoD of the Bank now constitutes of members with international recognized experience on areas of strategic importance such as banking, auditing, risk management, NPL management and restructuring, PIO management and financial management etc.

In addition, although the participation of women to the Board of Directors does not vary significantly from the average on national and European level, the Bank recognises the need to further improve it and is working on that direction despite the strict legislative and regulatory context governing the composition of the BoD and restricting heavily the pool of the available nominees.

Having a wide range of perspectives in the boardroom means that the status quo is constantly challenged and critically reassessed and that information is carefully evaluated. The achieved diversity of the Board members effectively contributes to the expression of different views, to the avoidance of "group thinking" and to the constructive dialogue between members, thus succeeding the final decisions to be taken on the basis that the non-executive members of the Board Members exercise critical control to the Management.

2.3 Operation

The Board of Directors, immediately after its election, convenes as a body and elects a Chairman (and his Deputy) and one or more Vice- Chairmen and Managing or Executive Directors from amongst its members. According to the current legal framework, the RFA and international best practices, the Chairman of the Bank does not at the same time serve as Managing/ Executive Director.

The Chairman is head of the Board and presides over its meetings. In the event that he is absent or not in a position to perform his duties and no Deputy has been elected by the General Meeting or appointed by the Board, he is substituted by one of the Vice-Chairmen of the Board; they, in turn, are substituted by another director, appointed by a resolution of the Board.

[9] The Board of Directors Diversity Policy is available on the official webpage of the Bank

Secretarial duties of the Board of Directors are performed by one of its members or any other third party appointed by the Board. The Board has assigned the support of the works of the Board of Directors to a capable, specialized and experienced Corporate Secretary, who is appointed by it and attends its meetings.

The Board of Directors is convoked by its Chairman or his deputy and convenes at least once a month at the Bank's seat or by teleconference, in accordance with the Articles of Association and the provisions of corporate law. The Board of Directors may validly convene anywhere in Greece or abroad, where the Bank pursues business activities or has a subsidiary (an affiliate) financial institution.

Pursuant to the provisions of the RFA, the BoD informs the HFSF Representative and the HFSF Observer on the activities and decisions of the Board and to that end it notifies to the abovementioned the dated of the Board meetings. Such notification should be sent by written notice at least three (3) business days prior to the Board meeting and shall include at least the following: (i) the agenda of the meeting and (ii) the relevant material, data or information and all supporting documents with respect to the items of the agenda. In case of non-compliance with the above deadline, the HFSF Representative is entitled to request in writing addressed to the Chairman of the Board, a postponement of the Board meeting which shall be resumed the earliest after three (3) business days, provided that the aforementioned documents are provided in time.

The Board is in a quorum and convenes validly when at least half of its members plus one are present or represented. However, the number of members personally present may never be less than five (5). Fractions are omitted in determining whether a quorum is achieved. When the Board of Directors convenes by teleconference, the members participating are considered physically present.

Resolutions of the Board of Directors shall be taken by absolute majority of the present and represented members unless otherwise provided by Greek Law or the present Articles of Association. Drawing up and signing of minutes by all Board members or their representatives equals a resolution of the Board of Directors, even if no meeting has been held.

Discussions and resolutions of the Board of Directors are recorded in summary in a special book that may also be kept by electronic means. Following an application of a Board member and provided that the content is not contrary to the Greek Law or good morals, the Chairman is obliged to record an exact summary of such member's opinion in the minutes. According to the provisions of the RFA, the minority opinion is also recorded to the minutes. A list of Board members present or represented at a meeting is also recorded in this book. The minutes of the Board of Directors are signed by the the Chairman or the Vice-Chairman or the Managing or Executive director, appointed for that purpose by a Board resolution, and by the Secretary of the Board[10]. Copies or extracts of such minutes are officially issued by the Chairman or the Vice Chairman or the Managing Director or the Executive Director appointed for that purpose by the Board and by the Secretary of the Board, without any other validation.

Pursuant to the provisions of Greek Law 3864/2010, the HFSF's Representative in the Board of Directors has the following rights to:

(a) call a General Meeting of shareholders;

(b) veto key corporate decisions of the Bank's Board of Directors;

   i) Related to dividend distributions and the remuneration policy relating to the Chairman, the Managing Director and the other Board Members, General Managers and their Deputies

[10]. As of 1.1.2019, Greek Law 4548/2018 stipulates that the minutes of the Board of Directors are signed by all present members. The Articles of Association of the Bank are under review in order to be aligned with the provisions of the new Greek Law. In the meantime, the Bank already abides in practice with said provision.

ii) Related to any other matter which may set at risk the rights of depositors or have a material adverse effect on the liquidity, solvency and/or, in general, on the prudent and orderly operation of the Bank, including business strategy and asset/ liability management

iii) Related to corporate actions of art. 7A par.3 of Greek Law 3864/2010 which may significantly affect HFSF's shareholding in the Bank

(c) request an adjournment of a Board Meeting for three (3) business days in order to receive instructions from the HFSF Executive Committee, such right may be exercised until the end of the Board Meeting;

(d) call a Board meeting;

(e) approve the appointment of the Chief Financial Officer.

In exercising his rights, the HFSF Representative shall respect the Bank's business autonomy. Further to the above, by virtue of the RFA, the HFSF has, amongst others, the following rights related to the operation of administrative bodies of the Bank the HFSF representative to the BoD has the right to:

- participate in the Board of Directors Committees, e.g. the Audit Committee, the Risk Committee, the Remuneration Committee, the Board Nomination Committee and the Strategy Committee. In addition, an Observer appointed by the HFSF is present without voting rights in the Board of Directors and the above Committees' meetings
- include items in the agenda of the meetings of the committee in which he participates as a Member
- include items in the agenda of the General Meeting of Shareholders convened by the Board of Directors
- the HFSF providing its prior written consent for a number of material matters, as such are designated in the RFA, including, inter alia (a) the restructuring plan and any amendments thereof (b) the policy on connected borrowers and any revisions, amendments, deviations thereof (c) any material transactions and corporate transformations and (d) the management of NPLs and any amendments, revisions and deviationsthereof
- the HFSF reviewing the annual self-assessment exercise of the Board of Directors. In addition, based on the assessment provided for in art. 10 of Greek Law 3864/2010 or the review of the annual self-assessment exercise, the HFSF may proceed to suggestions for improvements or possible changes to the Bank's corporate governance framework.
- **the** HFSF monitoring the implementation of the Restructuring Plan and the Bank's NPL management framework as well as the Bank's performance on those.

Furthermore, following the Second Economic Adjustment Programme for Greece and in the context of the commitments undertaken by the Hellenic Republic towards the European Commission, KPMG was appointed as the Monitoring Trustee of the Bank. The Monitoring Trustee was responsible for overseeing the implementation of the Bank's Restructuring Plan and all the commitments accompanying it, in line with EU state aid rules. This included, inter alia, verifying compliance with proper corporate governance rules (Commitments on Corporate Governance and Commercial Operations")[11]. In this context,

[11]The Corporate Governance and Commercial Operations commitments undertaken by our Bank refer to the following: (i) the establishment of an effective and adequate system of corporate governance pursuant to the corporate Greek Law and the supervision rules of the Bank of Greece and the HFSF; (ii) the implementation of a credit policy which ensures the equal treatment of creditors, including Connected Borrowers (shareholders, directors, key employees persons related to the Bank, subsidiaries, controlled directly or indirectly, Media, NGOs, government and other connected bodies) and the supervision of the implementation of the credit policy by means of appropriate instruments for risk monitoring and incorporation into the credit policy of rules for the pricing policy of loans; (iii) implementation of international best practices according to universal standards on risk management; (iv) the implementation of measures to manage NPLs according to the respective policy that is included in the Restructuring Plan and the relevant legislative requirements (v) restrictions on the payment of dividends or coupons on shares of the Bank (vi) restrictions on acquisitions of other companies ("Acquisition Ban"); acquisitions following the consent of the Directorate General for Competition of the EU are allowed for restoring financial stability or ensuring effective competition; furthermore, acquisitions against consideration of 0.01% of the total assets of the Bank (or cumulatively 0.025% in the case of more than one acquisition) as well as acquisitions in the context of banking activities for loans restructuring are excluded; and (vii) restrictions on using the state aid measures granted to the Bank for advertising purposes ("AdvertisingBan").

Amounts in million euros (Unless otherwise stated)

representatives of the Monitoring Trustee participated until 31/12/2018 (end of the restructuring period) as observers in the meetings of the Board and in executive committees and other important committees, including the Risk Management and Audit Committees.

As of 1/1/2019, said Observers are no longer present in any Board of Directors or Committee meetings.

The Board of Directors held eighteen (18) meetings during the year 2018.

The following table presents the percentage of the Board and Committees members’ participation in the respective meetings for the reporting period.

	Board of Directors		Risk Committee		Nomination Committee		Remuneration Committee		Audit Committee		Strategy Committee	
	Average Participation:	Total Number of Meetings:	Average Participation:	Total Number of Meetings:	Average Participation:	Total Number of Meetings:	Average Participation:	Total Number of Meetings:	Average Participation:	Total Number of Meetings:	Average Participation:	Total Number of Meetings:
	97%	18	90%	13	100%	4	93%	6	96%	14	88%	9
Name	Attendance Rate	Number of Meetings	Attendance Rate	Number of Meetings	Attendance Rate	Number of Meetings	Attendance Rate	Number of Meetings	Attendance Rate	Number of Meetings	Attendance Rate	Number of Meetings
George Handjinicolaou	100%	18/18	-	-	-	-	-	-	-	-	89%	8/9
Karel De Boeck	89%	16/18	92%	12/13	-	-	-	-	93%	13/14	89%	8/9
Christos Megalou	100%	18/18	-	-	-	-	-	-	-	-	-	-
George Georgakopoulos	100%	18/18	-	-	-	-	-	-	-	-	-	-
Venetia Kontogouris	100%	18/18	-	-	-	-	100%	6/6	-	-	100%	9/9
Arne Berggren	94%	17/18	62%	8/13	100%	4/4	100%	6/6	93%	13/14	78%	7/9
Enrico Tommaso Cucchiani	100%	18/18	-	-	100%	4/4	67%	4/6	-	-	89%	8/9
David Hexter	94%	17/18	92%	12/13	100%	4/4	-	-	93%	13/14	56%	5/9
Solomon Berahas	100%	18/18	100%	13/13	100%	4/4	-	-	-	-	-	-
Alexander Blades	94%	17/18	100%	13/13	100%	4/4	100%	6/6	100%	14/14	100%	9/9
Per Anders Fasth	94%	17/18	92%	12/13	100%	4/4	100%	6/6	100%	14/14	100%	9/9

2.4 Roles and Responsibilities

Pursuant to Article 15 of the Bank's Articles of Association, the Board of Directors represents the Bank and is qualified to resolve, without restriction, on any issue relating to the Bank's management, administration of its property and the pursuit of its business objectives in general. The Board of Directors may not resolve on issues which, in accordance with the Greek Law and the Articles of Association, fall within the exclusive responsibility of the General Meeting.

Under Article 16 of the Bank's Articles of Association, the Bank is represented by its Board of Directors, which may delegate authority relating to the representation of the Bank and also the exercise of all or some of its powers or responsibilities, except those requiring collective action, to one or more persons whether members of the Board of Directors or not, setting out the extent of the powers conferred upon them. Under the above provisions of the Articles, the Board determines the system for representing the Bank and the limits within which the authorized representatives can act.

The Bank's Regulation states that the prime obligation and duty of the Board Members is the continuous pursuit of enhancing the Bank's long-term economic value and the protection of the general corporate interests. It is also stated that the Board of Directors is responsible for drawing up and adopting a detailed Business Strategy extending for at least one year defining clear business objectives, both for the Bank itself and for the Group[12].

Principal activities and significant issues considered during 2018

In the performance of its duties for 2018, the Bank's Board of Directors inter alia:

In relation to Corporate Governance issues

- prepared and convoked the Bank's Shareholders General Meeting,
- conducted the annual evaluation of the Board and the Board Committees,
- reviewed the CEO evaluation process and setting targets - methods for 2018,
- approved the BoD Attendance Policy,
- approved the establishment of the Board Ethics Committee,
- was updated on the new Code of Conduct and Ethics, as approved by the Audit Committee, and
- was updated on Board Committees' issues on a monthly basis.

In relation to Audit and Compliance issues, the BoD approved the following:

- the annual report of the Responsible Officer (MLRO) on AML/CFT for 2017,
- the Group Internal Audit (GIA) Annual Report on the Internal Control System (ICS) for 2017 and assessment thereof, and
- the Group Compliance Annual Report for 2017.

Moreover, reviewed the Group Compliance Policy and, in that context, approved improvements to the Whistle-blowing Policy and Conflict of Interest Policy.

In relation to Risk Management issues, the BoD approved the following:

- the Capital and Liquidity Adequacy Statements (CAS/LAS) for 2018,
- the Risk Appetite Framework (RAF) and Risk Appetite Statements (RAS) for 2018,
- the Group Risk and Capital Strategy,
- the annual review of the Bank's Recovery Plan.

The BoD was also updated on the following:

- the Bank's results in relation to the 2018 Stress Test conducted by the ECB, and
- the Internal Capital & Liquidity Adequacy Assessment Process (ICAAP & ILAAP 2018).

In relation to corporate actions and granting authorizations the BoD approved the following:

- sale of the Bank's subsidiary in Serbia,

[12] Detailed information on the operation and the roles and responsibilities of the BoD is included in Bank's Regulation which is available to the Bank's official webpage.

- sale of the Bank's subsidiary "Olympic Commercial and Tourist Enterprises S.A." (AVIS),
- sale of Bank's subsidiaries in Albania,
- sale of Bank's subsidiaries in Bulgaria,
- sale of NPEs portfolios of retail and business sector (projects Amoeba and Arctos),
- sale of Bank's stake in Attiki Odos and Attica Diodia.

In relation to business monitoring, financial information, Bank's policies and relevant updates the BoD approved the following:

- the 2017 annual financial statements and the 2018 interim financial statements,
- the 2018 annual budget and the Business Plan for the period 2019-2020,
- the Group Annual Budget for 2019,
- the Bank's Strategy on the NPE Operational Targets for the period 2018-2021,
- the Credit Exposure Sale Policy,
- the Real-estate owed assets policy (REO policy), and
- the Divestment Policy for equity divestments.

The BoD was also updated on the following:

- the progress of the IFRS 9 thematic review,
- significant subsidiaries' activities and strategic priorities, and
- the assignment of non-audit services to the Bank's statutory auditors.

2.5 Induction and Training of Board members

The Bank implements an induction procedure for newly elected/ appointed Board members aiming to facilitate the Board members' understanding of the Group and the Bank's structure, business model, risk profile, governance arrangements and the role of the member(s) within them. In that context, the Bank ensures that they are provided with all the information and training necessary to enable them to contribute appropriately to the operations of the Board and to the accomplishment of its mission.

Upon the election of a new member by the General Meeting of Shareholders or appointment by the Board of Directors, a letter of congratulations and welcome is addressed to her/him by the Company Secretary, accompanied by a detailed induction pack (a living document which provides them with a wide range of information about the Bank and the Board, comprising of material such as the articles of association, the internal regulation, information on the obligations deriving from their membership, the Board meetings schedule for the year etc).

Prior to attending their first Board meeting, members are welcomed by the Chairman of the Board and meet with the CEO and the top executive management of the Bank, with the opportunity to ask questions with reference to the Bank and its operations. New members are also briefed on issues the Board of Directors is dealing with at the moment, or will be looking at in the future. In case of multiple new memberships, induction day seminars are organized and attended by the new members.

Following the fit and proper suitability assessment the new members are submitted to, it is expected and recognized that they possess sufficient knowledge, experience and expertise to fulfill their role. Nevertheless, they are not necessarily experts in all disciplines, business areas or governance aspects. Therefore, training is a key driver of continued board effectiveness and an ongoing commitment of Board members and the Bank.

The Bank makes available the financial and human resources to implement proper induction and training programs and encourages initiatives aiming to improve the collective or individual skills, knowledge or competence of Board members on an ongoing or ad-hoc basis. The Corporate Secretary, in collaboration with the Group Human Resources Division, is responsible for producing the annual training schedule. The Nomination Committee sponsors and oversees the training schedule for the members of the Board, on an ongoing basis. In addition, regular presentations by management and staff to the Board and Committees are performed in order to educate or keep them informed on changes within the Bank or on legal, regulatory, market and industry requirements and standards. In addition, once a year, Board members attend (one-day/two days) Strategy Seminars where top executive management presents the results, goals, challenges faced by the organization. Personalised educational programs may be designed when needed.

During 2018, the training initiatives for the BoD members included programs, attended by the majority of BoD members, on the following subjects: Payment Services Directive (PSD2), MiFID II, MREL, Basel IV, Corporate Governance and People Performance Management.

2.6 Assessment of the Board of Directors

In July 2017, the HFSF proceeded with the assistance of Promontory Financial Group, an independent consultant of international reputation, to the assessment of the Bank's corporate governance system in accordance with par.5, art.10 of Greek Law 3864/2010, which focused more on the assessment of the BoD and of the Audit and Risk Committees. Following such assessment, the recommendations which were addressed to the Bank in September 2017 concerned mainly the improvement of the design and the implementation of the Risk Appetite Framework, the oversight of the Internal Control System, the alignment of the business strategy with the aforesaid systems and the management of Non Performing Loans. On the other hand, the significant improvement of the corporate governance system of the Bank was acknowledged with respect to the operation and effectiveness of the BoD and its Committees. The conclusions of such assessment acknowledge in particular, that the new Chairman of the Board as well as the Board members are focused on the improvement of the corporate governance and are driving changes. Moreover, the Board of Directors is focusing on the constructive exchange of views and the pursuit of solutions to the challenges faced by the Bank.

During the course of 2018, the vast majority of corrective actions needed to eliminate weaknesses identified by the evaluation were completed. In this context, inter alia:

- The new performance evaluation system of management officers (CEO included) has been finalized (and), and incorporates as core elements the personal target setting (different per person and aligned with the Risk Appetite Framework of the Bank) and the evaluation of corporate values.
- Agenda 2020 framework has been developed into a full-fledged strategy and business plan, aligned with RAF, with specific KPIs cascaded down to the key business lines of Piraeus Core Bank, Piraeus Legacy Unit as well as support functions.
- Remuneration Policy was thoroughly processed and is in final stages of approval.
- NPL Sales Policy was adopted.
- Training schedule for BoD members for 2018 was presented on Nomination Committee and included key issues (i.e. compliance, IFRS 9, risk and NPL management).
- "Convene Athena", the new electronic system for uploading and cataloguing documents for BoD and all Bank's Committees is fully implemented. All material and notifications are provided and announced through it.

- The Risk Committee agendas were enriched in order for the Committee to review several types of Risk. An Operation Risk Committee was established, composed of CRO and executives, and regularly updated the Board Risk Committee.
- The risk culture has been enhanced through: a) the new governance in the areas of Core Banking and RBU Committees, b) the enhancement of the Risk Appetite Framework, c) the enhancement of the Internal Control System d) the enhancement of the monitoring and reporting of the write-offs.

In addition to the above, the BoD performed and concluded its own self-assessment for the year 2018 via questionnaires which were circulated to the members (in the first trimester of 2019). The members of the BoD were asked to assess several areas of interest including inter alia with respect to the Board mandate, strategy and culture, the team dynamics and the Board Committees.

The analysis of the feedback received on the aforementioned indicative areas revealed the following basic conclusions:

- The Board possesses an assorted skillset which is complete and fully competitive for a Bank.
- The Board is vigilant and diligent.
- Members are acting with independence of mind, constructively challenging the management's decisions.
- Non-executive directors seek to have more discussion on strategy and less involvement in management initiatives.
- Greece specific insight on financial, political, social and legal environment, the market composition and the impediments for banking will be embedded in the Board's ongoing training program.

3. Committees

Aiming to constantly improve the organization of the Bank and the Group, responsibility for certain areas requiring expert competence has been assigned to Board of Directors or Executive and Administrative Committees.

The operation of the Committees is governed by the Committees Operating Regulation, which forms part (as an Appendix) of the Bank's Regulation. The Operating Regulation pertains to all the BoD Committees, as well as other Executive and Administrative Committees and Councils subject, however, to the specific Operating Regulation of each Committee which prevails to the extent that it deviates from the general rules laid down to the Committees Operating Regulation.

Composition and Competencies of Committees: Subject to the provisions of the legal and regulatory framework and their specific Operating Regulations, the composition, the mission and the competencies of each Committee are defined by the decisions of the body, which is responsible for the incorporation or specification of each Committee's responsibilities and are included in the Chairman's Acts (provided that they pertain to the Board of Directors' Committees) and Management Acts, which are issued by the CEO (provided that they pertain to other Executive and Administrative Committees).

Operation of Committees

Invitation: The Committee convenes, following the Chairman's invitation, as many times as required necessary for the fulfillment of its mission. The frequency of meetings is defined as per Committee by the instrument of its constitution, or, if it is not defined, the administrative Committees convene at least once a month. The invitation defines the agenda, place and time of Committee's meeting. Each member of Committee is entitled to request its convocation in writing in order to discuss specific issues. The Committee's members, including the alternate members, receive the issues of the Daily Agenda at least two (2) days prior to the meeting date.

The alternate members substitute the regular ones, in accordance with the provisions of the Operating Regulation of each Committee and, within this framework, they participate in the Committee's meeting, as required, following relevant notice by the Committee's secretary.

Each Committee's Operating Regulation may provide for the participation of the Bank's employees, officers or advisors in the meetings of the same, on the condition that their participation is considered to be necessary, due to their area of expertise, for the more effective operation of the Committee The aforementioned individuals' role is to propose or provide clarifications on the daily agenda issues of the committee and have no voting right upon decision-making. Besides the above-mentioned, the Committee is entitled to invite to its meetings as many of the Bank's employees, officers or advisors as it considers advisable or useful, who are present, however, without a voting right.

Quorum – Decisions - Alternate members: For decision-making, a quorum of more than 50% of its members is required with personal presence either at the place of its meeting or at another place using the teleconference tools.

Subject to the attainment of quorum according to the aforementioned, a member of the Committee may authorize in writing, in case of hindrance, another member in order to represent him/her at a specific meeting and vote on his behalf for the issues of the daily agenda. Provided that the existence of alternate members is provided for in each Committee's Operating Regulation, the member, who is hindered, may be represented only by the individual designated as alternate member. No member can represent more than one of the other members of the Committee. Unless otherwise prescribed in the relevant terms of reference, Committee decisions are made by a majority of 2/3 of the present members.

Substitution of the Chairman - Replacement of members: The Chairman is substituted, in case that he is absent, by his own decision and where it has not already been specified, by a member of the Committee, or if no such a decision is made, by a senior present member of the Committee (in terms of the duration of his presence in the Group). In the case of members' resignation or departure, the Chairman of the Committee recommends either their replacement, or the Committee's operation with its remaining members. For the new composition resulting from the recommendation of the Committee's Chairman and the receipt of the necessary approvals from the responsible approval body of the Bank, the relevant Chairman's Act or another decision of the responsible body shall follow.

Keeping of minutes - Secretariat: Minutes are kept in all the meetings of the Committee, which are validated by the Chairman and the Executive Secretary or the Secretary of the Committee. If an Executive Secretary has been nominated in the Committee, he/she is responsible for collecting the material and information that is useful or necessary for the work of the Committee, suggests the issues for the daily agenda to the Committee's Chairman, handles the Committee's mail with the organizational units and monitors the notification of Committee's decisions to the involved units both at the Bank and Group level. The Secretary of each Committee is responsible for informing the members about the daily agenda, location and time of Committee's meeting, in writing, following the collaboration with the Committee's Chairman, ensuring the timely and correct information of the involved units upon each meeting, organizing the location of Committee with the necessary technological infrastructure. He/she should keep a file of the Minutes with diligence in a safe place. If, for any reason, he/she stops providing support to the Committee, he/she should deliver the minutes with diligence to his deputy and along with the signed record of receipt and delivery. The Corporate Governance Department or the Corporate Secretariat of the Board of Directors provides Secretarial support for Bank's Committees, on a case-by-case basis, if requested. In any case, the Chairman of Committee nominates its Secretary, provided that he/she is not nominated by each of the Chairman's or CEO's Acts.

Special provisions

Provided that a representative of the Hellenic Financial Stability Fund (HFSF) participates as a Member in the Committees pursuant to Greek Law 3864/2010, the following will be applicable additionally by virtue of the RFA:

- The dates of the meetings, the respective agendas and the relevant material are sent to the HFSF Representative and the

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HFSF Observer by written notice at least five (5) calendar days prior to the meetings. Said documents can be sent through electronic email.

- The HFSF Representative has the right to include items in the agenda of a scheduled Committee meeting by submitting them in writing to the Committee's Chairman, at least one (1) day prior to the Committee's meeting.
- The HFSF Representative has the right to request that the Committee is convened within the next seven (7) calendar days from the HFSF's written request to the Chairman of the Committee. The relevant request shall include the proposed items of the agenda. If the chairman of the Committee does not proceed to the convocation of the Committee within the above deadline or does not include the proposed items in the invitation, then the HFSF Representative shall be entitled to convoke the Committee within five (5) days as of the expiry of the above seven (7) days period. Such invitation shall be notified to all the members of the Committee and to the HFSF Observer.

The number of Committees' meetings and the members' participation are depicted on an aggregated basis in the Board Members Participation in the BoD and the respective committees table above.

A) Board of Directors Committees

1) Audit Committee

On 31/12/2018, and on the date of the publication of the 2018 Annual Financial Report, the composition of the Audit Committee is as follows:

David Hexter	Chairman, Independent Non-Executive BoD Member
Karel De Boeck	Member, Independent Non-Executive BoD Member
Arne Berggren	Member, Independent Non-Executive BoD Member
Solomon Berahas	Member, Non-Executive BoD Member
Per Anders Fasth	Member, Non-Executive BoD Member, HFSF Representative pursuant to Law 3864/2010
Christina Koutkia	Executive Secretary, Assistant Manager
Efi Schiza	Secretary, Senior Officer

The Monitoring Trustee Observer (until 31/12/2018) and the HFSF's Observer attend the meetings of the Committee without voting rights.

Governance- Operation

The Audit Committee is comprised of Non-Executive members of the Board, the majority of which are independent within the meaning of the provisions of Greek Law 3016/2002. The Audit Committee is chaired by an Independent Non-Executive member of the BoD who meets the criteria of article 10 par.8 of Greek Law 3864/2010. The HFSF Representative participates as a Member in the Audit Committee, with full voting rights. The Audit Committee is supported by an Executive Secretary and its operation is governed by the Bank of Greece Governor's Act 2577/2006, article 44 of Greek Law 4449/2017, the respective notices, explanations and recommendations of the Supervisory Authorities and additionally by its Operating Regulation.

It is noted that the Chairman of the Audit Committee Mr. David Hexter, Independent Non-Executive member of the BoD, fulfils the criteria of the RFA, has, inter alia, extended experience in Internal Audit and he is considered a financial expert within the meaning of article 10 of Greek Law 3864/2010 and Greek Law 4449/2017. The Committee as a whole possesses appropriate competence and experience for the effective performance of its duties.

The Chief Finance Officer (CFO), Group Chief Audit Executive (CAE), Group Compliance Officer, Group Chief Risk Officer (CRO), and other Executives of Senior Management are invited to attend the Audit Committee meetings. The Group's statutory auditors are invited to attend all meetings.

Based on its Operating Regulation, the Audit Committee meets at least four (4) times a year, of each calendar quarter and extraordinarily, if the circumstances so require. The Audit Committee convened fourteen (14) times during year 2018 and all its decisions were taken unanimously. During each such meeting, the examination and settlement of all of the items of each Agenda was achieved, subject to the prior circulation of the requisite informational documentation and, as appropriate, the scheduled participation of the competent managerial officers, statutory auditors and other experts. Members' attendance rates in the Committee meetings are depicted in the Board members Participation in the BoD and the respective Committees table above.

Role and responsibilities

The main duties of the Audit Committee based on its Operating Regulation are:

- Supervision and evaluation of the drafting processes of the annual financial statements and interim financial information of the Group and the Bank prior to their publication.
- Supervision of the audit and review of the Group and the Bank's annual financial statements and mid-year interim financial information conducted by the statutory auditors and cooperation with the statutory auditors on a regular basis.
- Ensuring the independence of the external auditors in accordance with applicable Greek Law.
- Proposing to the Board the selection of statutory auditors. Whenever it deems appropriate, the Committee shall also make a proposal for their replacement or rotation; the Committee is responsible for the tender procedure for the appointment of the auditors in accordance with article 16 of Regulation (EU) no. 575/2014 in conjunction with article 44 of Greek Law 4449/2017 and article 13 of Greek Law 3864/2010.
- Identifying weaknesses, making recommendations and monitoring the implementation of measures decided by the Board of Directors.
- Proposing measures for specific areas requiring further investigation by internal or external auditors.
- Monitoring and annual evaluation of the adequacy and effectiveness of the Internal Control System (ICS) for the Group and the Bank, based on the data and information provided by the Group Internal Audit as well as by the statutory auditors and other supervisory bodies.
- Evaluating the work of the Group Internal Audit, focusing on issues related to the degree of its independence, the quality and scope of its audits, the priorities determined by changes in the economic environment, the systems and in the level of risks and the overall efficiency of its operation.
- Determining the scope and appointing an external audit firm to assess the adequacy of the Internal Control System (ICS), periodically, and at least every three years.
- Monitoring and evaluating on an annual basis the work of the Group Compliance Division.
- Monitoring and evaluating on an annual basis the Report on Money Laundering and Terrorist Financing prepared by the Group Chief Compliance Officer.

How the Committee discharged its responsibilities during 2018

Regarding **financial reporting,** the Audit Committee:

- Reviewed the Group and the Bank's critical accounting estimates and judgments and their application to the Group and the Bank's quarterly interim financial information and annual financial statements.

- Reviewed the quarterly interim financial information and annual financial statements prior to their publication, discussing and asking for clarifications on the accounting standards implemented and suggested to the Board their approval.
- Received detailed presentations and updates from Management on the Group and the Bank's readiness to implement IFRS 9 and considered the possible commercial impact of IFRS 9 on the global businesses.
- Was notified on the progress of the implementation of IFRS 16 Leases that was adopted by the Group and the Bank on 01/01/2019.
- Was notified on amendments to accounting policies in accordance with the RFA of the HFSF.

Regarding **Internal Control System (ICS),** the Audit Committee:

- Promoted the continuous strengthening of the ICS as a strategic priority for the Board of Directors (BoD) and Management of the Group and the Bank, as well as the procedure for the development and integration of the appropriate internal control mechanisms, with the objective of the further improvement of the operational risks that the Group and the Bank face in the totality of its operations. The Audit Committee was also notified on the progress of the project "Enhancement of the Internal Control System".
- Assessed the effectiveness of the ICS and any developments affecting it, in support of the Board's assessment. In order to carry out its assessment the Audit Committee:
  - Discussed with Management the internal control deficiencies as well as the implementations of remediation actions, following recommendations of the internal and external auditors as well as the Supervisory Authorities.
  - Examined and discussed reports and information regarding the ICS pursuant to the quarterly reports complied by the Group Internal Audit.
  - Reviewed and approved the ICS annual evaluation report for 2017 and its final assessment in respect to the operation of the ICS, was submitted to the Bank of Greece – in accordance with the provisions of Bank of Greece's Governor's Act 2577/2006 – in June 2018. The report was also submitted to the Board of Directors for further approval. The respective report for 2018 will be reviewed by the Audit Committee and will be submitted to the Bank of Greece in June 2019.
- Was notified of the Bank of Greece's audits and assigned additional special audits to Group Internal Audit.

Regarding **the External Audit,** the Audit Committee:

- Reviewed the statutory auditor's audit plan and methodology for the interim review and annual audit, the extended independent auditor's report and audit findings.
- Reviewed and proposed to the Board the fees payable to Deloitte for the year ended 31/12/2018. For 2018 an amount of € 5 million, of which € 1 million or 24.0% was payable in respect of non-audit services. All non-audit services provided by the statutory auditor were pre-approved by the Audit Committee in accordance with the auditor independence policy to ensure that services do not create a conflict of independence in accordance with EU Regulation 537/2014 and Greek Law 4449/2017. A further breakdown of the fees paid to the auditors for each of the last two financial years can be found in Note 50 in the Annual Financial Statements.
- Considered Deloitte independent and Deloitte, in accordance with professional ethical standards, provided the Audit Committee with written confirmation of its independence for the duration of 2018.
- Requested the presence of the statutory auditors in every Audit Committee meeting. The statutory auditors attended all Audit Committee meetings in 2018. The Audit Committee Chairman maintained regular contact with the audit partner throughout the year.
- Assessed the effectiveness of Deloitte as the Group and the Bank's statutory auditor as part of its self-assessment process using a questionnaire which focuses on the overall audit process, its effectiveness and the quality of output.

Regarding **Group Internal Audit,** the Audit Committee:

- Monitored the implementation of the Group Internal Audit Annual Action Plan for year 2018 and concluded that the Group Internal Audit was effective.
- Was notified of the Group Internal Audit Annual Action Plan for year 2019, resource and budget, approved its implementation and submitted it for approval to the Board of Directors.
- Reviewed the performance and effectiveness of the Group Chief Audit Executive who reports functionally to the Chairman of the Audit Committee and administratively to the Group Chief Executive Officer. The Audit Committee held several meetings with the Chief Audit Executive without other Management members being present.

Regarding **Group Compliance,** the Audit Committee:

- Monitored the implementation of the Group Compliance Annual Action Plan for year 2018 and concluded that Group Compliance was effective.
- Was notified of the Group Compliance Annual Action Plan for year 2019, approved its implementation and submitted it for approval to the Board of Directors.
- Reviewed and approved the Annual Report of Compliance Manager on Anti Money Laundering (AML) and Anti-Terrorism financing for 2017 based on 281/5/2009 Decision of the Bank of Greece and submitted it to the Board for further approval. The respective report for 2018 was reviewed and approved in February 2019.

Self Assessment

- The Audit Committee carried out its self-assessment for the year 2018. The analysis of the feedback received, revealed that the Audit Committee performed its duties effectively. In particular, it was noted that with respect to its operation, the Audit Committee carried out its duties in accordance with its approved Operating Regulation, which is in compliance with the applicable legal and regulatory framework in force, and is approved by the Board of Directors of the Bank. Moreover, the level of knowledge, professional experience, as well as the availability and cooperativeness of the Audit Committee members ensured its independence and effectiveness of its performance.

Detailed information on the responsibilities and the operation of the Audit Committee is available on the Bank's website (www.piraeusbankgroup.com)

Amounts in million euros (Unless otherwise stated)

2) Risk Committee

On 31/12/2018 and to the date of publication of the 2018 Annual Financial Report the composition of the Risk Committee, following the replacement of Mr George Mantakas by Mr Efthymios Kyriakopoulos, is as follows:

Karel De Boeck	Chairman, Independent Non-Executive BoD Member
Arne Berggren	Member, Independent Non-Executive BoD Member
David Hexter	Member, Independent Non-Executive BoD Member
Alexander Blades	Member, Non-Executive BoD Member
Solomon Berahas	Member, Non-Executive BoD Member
Per Anders Fasth	Member, Non-Executive BoD Member, HFSF Representative
Efthymios Kyriakopoulos	Executive Secretary, Chief Risk Officer
Panagiota Kotsakou	Secretary, Head

Moreover, the Monitoring Trustee Observer (until 31/12/2018) and the HFSF Observer attend the meetings of the Risk Committee without voting rights.

It is noted that following the Bank’s no 1424 Board Resolution on 23/05/2018, the “Risk Management Committee” was renamed “Risk Committee”. The composition and the authorities of the Risk Committee remained the same.

Governance - Operation

The Risk Committee is appointed by the Board of Directors of the Bank and is comprised of Non-Executive Members of the Board of Directors. The number of Committee Members cannot be less than three (3) and in total cannot exceed 40% (rounded up to the closest integer) of the total number of Members of the Board of Directors. At least one third of the Members (rounded up to the closest integer) should meet the criteria for the independence of Board Members, in accordance with Greek Law 3016/2002 and the relevant European Commission Recommendation 2005/162/EC. The Representative of the Hellenic Financial Stability Fund (HFSF) participates as a member in the Risk Committee with full voting rights.

The Chairman of the Committee is appointed by the Board of Directors, must meet the criteria of art.10 par.8a) of Greek Law 3864/2010 and have significant experience in commercial banking and, preferably, in risk and capital management, as well as familiarity with the local and international regulatory framework. The office of Chairman of the Board of Directors is incompatible with that of Chairman of the Risk Committee, while the Chairman of the Risk Committee cannot simultaneously serve as Chairman of the Audit Committee of the Bank.

The Chairman of the Risk Committee, Mr. Karel De Boeck has, inter alia, extended experience in risk management and is considered an expert within the meaning of art.10 of Greek Law 3864/2010.

The Members of the Risk Committee must have adequate knowledge and previous experience in the financial services sector or the commercial banking sector, with at least one Member specializing in the fields of risk management and capital adequacy, as well as being familiar with the local and international regulatory framework.

The Risk Committee is aided by an Executive Secretary and a Secretary. The Executive Secretary is appointed by the Board of Directors and is the Chief Risk Officer of the Group, performing the duties set out in the regulatory framework in force (Bank of Greece Governor's Act 2577/2006). In the performance of his duties, he reports directly to the Risk Committee and is subject to audit by the Group Internal Audit Division.

The term of office of the Risk Committee's members cannot exceed the term of office of the Board of Directors (three years), but the Board of Directors is entitled to cease or replace them at any time.

The presence, participation and voting of a Risk Committee member during the discussion of an issue in which he has a conflict of interest is not permitted. Decisions that concern the establishment of policy, procedures, terms or criteria for risk management or other issues of general application do not come under the previous prohibition.

Minutes are kept for all Risk Committee meetings and are certified by the Chairman and the Executive Secretary of the Risk Committee.

The Committee convenes, upon its Chairman's invitation, as often as it is deemed necessary to carry out its duties, but no less than once per month. In order to fulfill its duties, the Risk Committee held thirteen (13) meetings during 2018.

Members' attendance rates in the Risk Committee meetings are depicted in the Board Members Participation in the BoD and the respective Committees table above.

The mission of the Risk Committee is inter alia to:

- Ensure that the Group and the Bank has a well-defined strategy for risk management and risk appetite. The Group and the Bank's risk appetite is structured through a number of quantitative and qualitative positions for specific risk categories, including special tolerance levels (per portfolio, sector, geographic region, credit standing, etc.)
- Ensure that all forms of risk (including operational risk) connected to the activity of the Group and the Bank are covered effectively
- Ensure that the Group and the Bank's risk appetite is clearly communicated to the entire Bank and its subsidiaries and constitutes the basis for the establishment of risk management policies and risk limits at the Group and the Bank, operational and regional level.
- Ensure the integrated control of risk management, the specialised management of risks and the necessary coordination at the Group and Bank level.

Roles and Responsibilities

The Risk Committee is responsible for performing the duties set out in the internal Operating Regulation, so as to be able to assist the Board of Directors in its work concerning the:

- Existence of an appropriate risk management strategy and the definition of maximum acceptable risk levels, as well as the supervision of their application
- Establishment of principles and rules that will govern risk management as regards the identification, assessment, measurement, monitoring, control and management of such risk,
- Development of an internal risk management system and the incorporation of suitable risk management policies in the business decision making process,
- Compliance of the Group and the Bank, through strict and reliable procedures, with the requirements of the regulatory framework for the risk management function.

Additionally, the Risk Committee controls the independence, adequacy and effectiveness of the operation of the Risk Management Division of the Group and the Bank.

How the Risk Committee discharged its responsibilities during 2018

- Evaluated and made recommendations to the Board of Directors in respect to major risk related strategic/priority actions that required the approval of the latter, including the:
  - Risk & Capital Strategy and Risk Appetite Framework
  - EBA/SSM Stress Test Report
  - NPE Operational Targets 2018-2021
  - NPL Inorganic Transactions
  - Action Plans on Regulatory/Supervisory Assessments
- Assessed the adequacy and effectiveness of the risk management policies and in particular of compliance with the established risk appetite limits and early warning levels
- Evaluated and made recommendation to the Board of Directors in respect to credit proposals that required the approval of the latter, both for performing and non-performing exposures
- Obtained an overview and provided update to the Board of Directors on Risk Management's reports regarding the profile of the key risks undertaken as well as the alignment with the risk management framework and risk appetite limits
- Obtained an overview and provided update to the Board of Directors on the loan portfolio management, including performance of:
  - performing exposures
  - non-performing exposures (NPLs and NPEs) and pertinent operational targets for their reduction
- Obtained an overview (jointly with Audit Committee) and provided update to the Board of Directors in respect to the implementation progress of the Action Plans on Regulatory / Supervisory Assessments
- Obtained an overview (jointly with Audit Committee) and provided update to the Board of Directors in respect to the implementation progress of the major projects related to operational risk and internal control enhancement
- Evaluated and provided recommendation to the Board of Directors in respect to the development, documentation, re-assessment and monitoring of the:
  - implementation of the Internal Capital Adequacy Assessment Process
  - implementation of the Internal Liquidity Adequacy Assessment Process
  - Recovery Plan
  - Liquidity Coverage Ratio Restoration Plan
- Evaluated and provided recommendation to the Board of Directors, when required, in respect to risk related Policies, including IFRS 9 Impairment Policy, Loan Sales Policy, Anti-Fraud Policy, Real-Estate-Owned (REO) Policy.

Detailed information on the responsibilities and the operation of the Risk Committee is available on the Bank's website (www.piraeusbankgroup.com).

3) Remuneration Committee

On 31/12/2018 and on the date of the publication of the 2018 Annual Financial Report, the composition of the Remuneration Committee is as follows:

Amounts in million euros (Unless otherwise stated)

Arne Berggren	Chairman, Independent Non-Executive BoD Member
Enrico Tommaso Cucchiani	Member, Independent Non-Executive BoD Member
Venetia Kontogouris	Member, Independent Non-Executive BoD Member
Alexander Blades	Member, Non-Executive BoD Member
Per Anders Fasth	Member, Non-Executive BoD Member, HFSF Representative
Anastasia Makarigaki	Executive Secretary, Executive General Manager
Maria Zapanti	Secretary, Corporate Secretary, Senior Director of Corporate Governance & Corporate Secretariat

Moreover, the Monitoring Trustee Observer (until 31/12/2018) and the HFSF Observer attend the meetings of the Committee without voting rights.

It is noted that following the proposal of Remuneration Committee to the Board of Directors and pursuant to the BoD decision of 26/09/2018, Ms. Anastasia Makarigaki, Executive General Manager of Group HR and Organizational Learning took up the duties of the Executive Secretary of the Remuneration Committee, replacing Mr. G. Poulopoulos, Executive General Manager & Group COO.

Governance - Operation

The Remuneration Committee is appointed by the Board of Directors of the Bank and is comprised of three (3) to six (6) Non-Executive Members of the Board of Directors, who must, in their majority, including the Committee Chairman, be independent in the sense of Article 4 of Greek Law 3016/2002, as currently in force. The Chairman of the Committee should be an Independent Non-executive Member meeting the criteria of ar. 10 par.8 of Greek Law 3864/2010. The Chairman of the Remuneration Committee Mr. Arne Berggren is considered an expert within the meaning of art.10 of Greek Law 3864/2010. At least one (1) Member of the Committee must have adequate expertise in the management of risk and in auditing matters, in order to ensure that the Remuneration Policy is aligned with the Bank's risk profile. The HFSF's Representative participates as a Member in the Remuneration Committee with full voting rights.

The Members of the Remuneration Committee are not permitted to hold parallel positions or offices or to conduct transactions which might be deemed incompatible with the remit of the Remuneration Committee. Participation in the Remuneration Committee does not preclude the possibility of sitting on another Committee of the Board of Directors.

The Remuneration Committee shall meet at the invitation of the Chairman whenever he/she deems it necessary for the execution of its remit, but no less than once in each calendar year. Resolutions may only be adopted when a quorum of at least two (2) members is reached. Resolutions of the Committee are adopted by majority vote of the members present.

The Remuneration Committee is supported in its work by the Bank's Units (particularly the Group HR and Organisational Learning and Group Internal Audit Departments) and is entitled to recruit external consultants and to define the terms of cooperation with them, their fees being charged to the Management's budget.

The Remuneration Committee held six (6) meetings during 2018. Members' attendance rates in the Committee meetings are depicted in the Board Members Participation in the BoD and the respective Committees table above.

The mission of the Remuneration Committee is to design, monitor the implementation and periodically review the Group's remuneration policy, in accordance with Bank of Greece Governor's Order 2650/2012, also bearing in mind the provisions of

Greek Laws 3864/2010 and 4261/2014, as currently in force. In the execution of its duties, the Remuneration Committee takes into account the long-term interests of shareholders, investors and other stakeholders in the Bank and the public interest as well, orienting itself to the long-term prudent and sound management of the Bank and the avoidance or minimizing of conflicts of interest which might detract from prudent management. The competences of the Committee relate both to Piraeus Bank and to subsidiaries included in the consolidation.

Roles and Responsibilities

The Remuneration Committee, inter alia:

- Submits proposals to the non-executive members of the Board of Directors concerning the Management's remuneration and other identified staff, especially of the executive members of the Board of Directors, and the highest paid employees.
- Ensures the adequacy of the information provided to shareholders on remuneration policies and practices.
- Informs, advises and assists the non-executive members of the Board of Directors in issues pertaining to the design, revision and implementation monitoring of the remuneration policy.
- Recommends corrective actions in case that it detects weaknesses in the implementation of the remuneration policy or any deviations thereof.
- Assesses the mechanisms and systems adopted to ensure that the remuneration system properly takes into account all types of risks, liquidity and capital levels and that the overall remuneration policy is consistent with and promotes sound and effective risk management and is in line with the business strategy, objectives, corporate culture and values and the long-term interest of the Group.
- Monitors directly the remuneration of the senior executives in Risk Management and Group Compliance and ensures that the remuneration of the personnel of the Bank's internal control functions (e.g. risk management, internal audit, compliance,) is not connected with the performance of the business units they monitor.
- Receives and evaluates the reports of the Group Internal Audit, which are submitted periodically and at least on an annual basis, by which the afore-mentioned Unit submits the findings arising from its central and independent internal audit of the remuneration policy, as well as its proposals for a possible revision of the applied remuneration policy, taking into account especially the prevention of creating incentives for excessive risk assumption or other behaviours, which are incompatible with the Bank's objectives.
- Ensures the due advisory contribution of the Bank's responsible Units (Risk Management, Compliance, Internal Audit, Personnel Management and Strategic Planning Units) to the design, revision and consistent application of the remuneration policy, as well as of the external experts, when it is considered necessary by the Board of Directors.

How the Remuneration Committee discharged its responsibilities during 2018

- Reviewed the Remuneration Policy of the Group and the Bank and provided a statement that it is in compliance with the provisions of Greek Laws 3864/2010, Greek Law 4261/2014 and with the Bank of Greece Governor's Act 2650/2012, as in force.
- Reviewed the Operating Regulation of the Remuneration Committee.
- Drew up and recommended to the BoD the policy for the compensation and undertaking of expenses of the Board members.
- Drew up the Board's recommendation to the General Meeting of shareholders concerning the annual remuneration of the members of the Management.
- Reviewed the variable remuneration schemes (risk takers, non-risk takers, etc.) which are tied to incentives and commercial targets.
- Reviewed the most significant Human Resource Management projects.

Amounts in million euros (Unless otherwise stated)

Detailed information on the responsibilities and the operation of the Remuneration Committee is available on the Bank's website (www.piraeusbankgroup.com).

Remuneration Committee Statement

According to its Operating Regulation, the Remuneration Committee, in its meeting held on 24/01/2019, declared that the Bank's Remuneration Policy, as such was reviewed and approved by a resolution of the Remuneration Committee of 22/05/2015 and by a resolution of the Bank's Board of Directors of 27/05/2015, is compliant with the provisions of Greek Law 4261/2014 "Access to the activity of credit institutions and prudential supervision of credit institutions and investment firms", Greek Law 3864/2010 "Establishing the Hellenic Financial Stability Fund''," and Bank of Greece Governor's Act 2650/19.01.2012.

4) Board of Directors Members Nomination Committee

On 31/12/2018 and on the date of the publication of the 2018 Annual Financial Report, the composition of the Board of Directors Members Nomination Committee (Nomination Committee) is as follows:

Arne Berggren	Chairman, Independent Non-Executive BoD Member
Enrico Tommaso Cucchiani	Member, Independent Non-Executive BoD Member
David Hexter	Member, Independent Non-Executive BoD Member
Alexander Blades	Member, Non-Executive BoD Member
Solomon Berahas	Member, Non-Executive BoD Member
Per Anders Fasth	Member, Non-Executive BoD Member, HFSF Representative
George Liakopoulos	Executive Secretary, Group General Counsel
Maria Zapanti	Secretary, Corporate Secretary, Senior Director of Corporate Governance & Corporate Secretariat

Moreover, the Observers of the Monitoring Trustee (until 31/12/2018) and of the HFSF attend the meetings of the Committee without voting rights.

Governance - Operations

The Nomination Committee is appointed by the Board of Directors of the Bank and is comprised of three (3) to six (6) Non-Executive Members of the BoD, including the Representative of the Hellenic Financial Stability Fund. The majority of the members of the Nomination Committee, the Chairman included, should be independent (the HFSF Representative excluded). An independent non-executive member, meeting the criteria of art.10 par.8a) of Greek Law 3864/2010 is appointed Chairman of the Committee.

The Nomination Committee ensures that the BoD possesses, as a body, adequate knowledge and experience in at least the main activities of the Bank in order to be able to exercise oversight over all its functions, either directly or indirectly through the various BoD Committees set up by statute or at the discretion of the Bank on the basis of the aforementioned Bank of Greece Governor's Act 2577/2006.

The Nomination Committee held four (4) meetings during 2018. Members' attendance rates in the Committee meetings are depicted in the Board Members Participation in the BoD and the respective Committees table above.

Roles and Responsibilities

The Nomination Committee is responsible for performing the duties set out in Greek Law and its internal Operating Regulation.

Nomination Committee is responsible to:

- identify and recommend for approval by the Board or by the General Meeting of Shareholders, candidates for the vacancies of the Board of Directors;
- evaluate the combination of broad knowledge by subject, skills, and experience of the Members of the Board;
- provide description of the individual skills and qualifications based on its judgment needed to fill the positions of the Directors and considers the time that needs to be devoted to the corresponding position;
- periodically and at least annually evaluate the structure, size, composition and performance of the Board and makes recommendations to it concerning any changes it deems appropriate;
- periodically review the policy of the Board for the selection and appointment of senior management and make recommendations to it.

The Nomination Committee in carrying out its duties takes into account on an ongoing basis and to the extent feasible, the need to ensure that during its decision making, the Board is not unduly affected by the will of one person or of a small group in a manner prejudicial to the interests of the Bank as a whole.

The Nomination Committee may use any resources it deems appropriate, including external consultants, and is provided with adequate funding in order to meet that objective.

How the Nomination Committee discharged its responsibilities during 2018

- Formulated and received approval from the Bank's Board of Directors for the Attendance Policy for the BoD Members.
- Considered the framework of the Group CEO' s evaluation process.
- Defined and implemented a training program for the members of the Board of Directors on key issues of current interest.
- Reviewed the Board of Directors and Board Committees' Self- Assessment results for 2017.
- Reviewed the Committee's Operating Regulation.
- Assessed the Independence as per the RFA for Board Members, (via relevant questionnaire completion).
- Reviewed and ensured that no conflicts of interest exist between the Bank and the Board of Directors, (via relevant questionnaire completion).
- Engaged the international consulting firm Korn Ferry for the selection of candidates from Greece and abroad, in order to fill Non-Executive Board member vacancies
- Completed the Nomination Committee's annual self-assessment process.

Detailed information on the responsibilities and the operation of the Nomination Committee is available on the Bank's website (www.piraeusbankgroup.com).

5) Strategy Committee

On 31/12/2018 and on the date of the publication of the 2018 Annual Financial Report, the composition of the Strategy Committee is as follows:

George Handjinicolaou	Chairman, Chairman of the Board, Non-Executive BoD Member
Karel De Boeck	Member, Vice Chairman of the Board, Independent Non-Executive BoD Member
Arne Berggren	Member, Independent Non-Executive BoD Member
Enrico Tommaso Cucchiani	Member, Independent Non-Executive BoD Member
David Hexter	Member, Independent Non-Executive BoD Member
Venetia Kontogouris	Member, Independent Non-Executive BoD Member
Alexander Blades	Member, Non-Executive BoD Member
Per Anders Fasth	Member, Non-Executive BoD Member, HFSF Representative
Maria Zapanti	Executive Secretary, Corporate Secretary, Senior Director of Corporate Governance & Corporate Secretariat

The Observers of the Monitoring Trustee (until 31/12/2018) and of the HFSF also attend the meetings of the Committee without voting rights.

Governance- Operation

The Strategy Committee is appointed by the Board of Directors of the Bank, is comprised of Non-Executive members of the Board of Directors and is chaired by the Chairman of the Board. The Representative of the HFSF participates as a Member in the Committee with full voting rights. The Committee is supported by an Executive Secretary who is appointed by the Board of Directors.

It is noted that following the Bank's no.1424 Board of Directors decision on 23/05/2018, the Committee was renamed from Strategic Planning Committee to Strategy Committee. The composition and the authorities of the Committee remained the same.

The competencies of the Strategy Committee are in respect of both Piraeus Bank and its subsidiaries.

The Strategy Committee meets at least on a quarterly basis, at the time and place and with the daily agenda determined by its Chairman. The Chairman may decide to convene an extraordinary meeting of the Strategy Committee or to alter the day or frequency of regular meetings.

Each member of the Strategy Committee has the right to propose or add issues to be further discussed by the Committee. The issues are put to the attention of the Chairman of the Committee in order to be added into the daily agenda of the next scheduled or extraordinary meeting of the Committee.

The meetings of the Strategy Committee may be conducted using video conferencing technologies which do not require the physical presence of members on the same site.

In addition to the members of the Strategy Committee, the following persons are called upon to attend the meetings without voting rights:

(a) the Chief Executive Officer

(b) the members of the Group Executive Committee, following respective request by the Chief Executive Officer

(c) the management or executives responsible for various issues tabled for discussion by the Committee following the request of the Chief Executive Officer

(d) the Chairman's advisor who is responsible on strategy issues.

Minutes are kept for all meetings of the Strategy Committee and are certified by the Chairman and the Executive Secretary of the Committee.

The Strategy Committee takes decisions with a quorum of at least half its members and a 2/3 majority of the members present.

During 2018, the Strategy Committee convened a total of nine (9) times. Members' attendance rates in the Committee meetings are depicted in the Board Members Participation in the BoD and the respective Committees table above.

Roles and Responsibilities

The Strategy Committee is responsible for performing the duties set out in the internal operating regulation, so as to be able to assist the Board of Directors in its work concerning:

- defining the objectives of the Bank's Strategic Plan and provides guidelines on the Bank's Business Plan which will be drawn up by the CEO and the Executive Committee and submitted for approval to the Board of Directors
- monitoring and controlling the implementation of the approved Business Plan
- follows up on a regular basis, analyzes and submits its suggestion to the Board of Directors on issues concerning strategic choices of the Bank (e.g. capital increases or decreases, acquisitions, mergers, investments or liquidation of strategic participations, strategic alliances, etc), assigns to managers' special missions for the achievement of targets and, when necessary, submits a respective proposal to the Board of Directors
- monitors, tracks and analyzes arising risks in the implementation of the approved Business Plan and submits to the Board of Directors recommendations on how to address them
- proposes the above issues for inclusion on the Daily Agenda of the Board of Directors or of the General Meeting of the Bank
- monitors and submits suggestions to the Board of Directors on all issues of strategic importance for the Group
- operates as a crisis management committee

How the Strategy Committee discharged its responsibilities during 2018

- Reviewed and prioritized the ongoing projects in relation to the set out of the Bank's strategy.
- Was updated on macroeconomic assumptions for 2018 Stress Tests baseline and adverse scenarios.
- Reviewed the strategic priorities of Affluent Banking.
- Reviewed the strategy and action plan of Digital Banking.
- Reviewed the Bank's Shipping Portfolio Strategy.
- Was updated on the Group's strategic prospects.
- Thoroughly reviewed the Bank's NPEs and NPLs Strategy.
- Reviewed and thoroughly discussed the Bank's Capital Plan.
- Thoroughly reviewed the proposed by the HFSF and BoG assets management schemes for the banks.
- Reviewed and thoroughly discussed the optimization of the Bank's risk-weighted assets (RWAs).

6) Board Ethics Committee

Following BoD's no. 1433/28.11.2018 resolution, a BoD Ethics Committee was set up in early 2019.

On the day of the publication of the 2018 Annual Financial Report, the Committee's composition is as follows:

George Handjinicolaou	Chairman, Chairman of the Board, Non-Executive BoD Member
Karel De Boeck	Member, Vice Chairman of the Board, Independent Non-Executive BoD Member
Christos Megalou	Member, Executive BoD Member – CEO
Georgios Georgakopoulos	Member, Executive BoD Member
Enrico Tommaso Cucchiani	Member, Independent Non-Executive BoD Member
David Hexter	Member, Independent Non-Executive BoD Member
Venetia Kontogouris	Member, Independent Non-Executive BoD Member
Solomon Berahas	Member, Non-Executive BoD Member
Alexander Blades	Member, Non-Executive BoD Member
Per Anders Fasth	Member, Non-Executive BoD Member, HFSF Representative
Maria Zapanti	Executive Secretary, Corporate Secretary, Senior Director of Corporate Governance & Corporate Secretariat

Governance - Operation

The Committee meets with a quorum of at least half of its members (any decimal number rounded up to the next whole unit) and decides by a majority of 2/3 of the present members. Other members of the Group, if deemed necessary, may be present at all meetings of the Committee, depending on the agenda.

Roles and Responsibilities

The main objective of the Ethics Committee is to examine and resolve on Ethics issues that fall within the competence of Board members, to ensure good governance in line with the Bank's Code of Conduct and internal policies as well as to oversee the environmental or corporate responsibility programs or actions that the Bank applies. The Committee will also be responsible for reviewing the Code of Conduct of the Bank and drafting proposals for improvements, upon recommendation by the competent Units, on a three-year review horizon by the Board of Directors.

B) Executive and Administrative Committees

Group Executive Committee

On the date of the publication of the 2018 Annual Financial Report, the composition of the Group Executive Committee is as follows:

Amounts in million euros (Unless otherwise stated)

Christos Megalou	Chairman, Managing Director, CEO
George Georgakopoulos	Member, Executive General Manager, PLU
Dimitris Mavrogiannis	Member, Executive General Manager, COO Piraeus Support/ Operations
Vassilis Koutentakis	Member, Executive General Manager, Retail Banking & Distribution Network
Thymios Kyriakopoulos	Member, Executive General Manager, CRO
Anastasia Makarigaki	Member, Executive General Manager HR
George Kormas	Member, Executive General Manager, Vice Chairman & CEO Piraeus Real SA
Athanasios Arvanitis	Member, General Manager, Group Treasurer
Konstantinos Paschalis	Member, General Manager, CFO
Emmanouil Bardis	Member, Deputy General Manager, CCO
George Liakopoulos	Executive Secretary, Group General Counsel
Kyriaki Gavriilidou	Secretary, Senior Manager, Corporate Governance & Corporate Secretariat

On 31/12/2018 George Poulopoulos, Vice Chairman and Executive General Manager, COO resigned. On 28/02/2019, Mr. Constantinos Loizides, Head of Piraeus Legacy Unit – Divestments, resigned. On 15/03/2019, Ms. Fotini Ioannou, General Manager, Corporate & Investment Banking, resigned.

Until 31/12/2018 the Observer of the Monitoring Trustee attended the Group Executive Committee's meetings without voting rights.

Governance- Operation

The Group Executive Committee consists of senior executives of the Bank and is chaired by the CEO, Executive Member of the BoD.

The Committee meets every second Monday upon the invitation of its Chairman, and extraordinarily whenever convened by its Chairman. The invitation sets the Daily Agenda, the time and place of the meeting of the Executive Committee.

In order for the Group Executive Committee to reach a decision, a quorum of at least 50% of its members present in person either at the meeting location or at another location via teleconferencing is required.

Group Executive Committee decisions are taken with a 2/3 majority of the members present and represented. The presence, participation and voting of a Committee member during the discussion of an issue in which he has a conflict of interest is not permitted. Decisions that concern the establishment of policy, procedures, terms or criteria for risk management or other issues of general application do not come under the previous prohibition.

The Group Executive Committee has the right to invite any Bank employees, executives or advisors it deems expedient or useful to its meetings.

Minutes are kept for all Group Executive Committee meetings and are certified by the Chairman, the Executive Secretary and the Secretary.

The responsibilities of the Group Executive Committee apply to both Piraeus Bank and its consolidated subsidiaries.

Roles and Responsibilities

Authorised by the Board of Directors of Piraeus Bank, the Group Executive Committee has the following responsibilities, which it may delegate or assign to administrative Committees, Committee Members or Bank executives.

- It monitors the implementation of both the Business Plan and the Restructuring Plan of the Bank and of the Group and makes the necessary decisions for achieving the Plans' goals. At the first meeting of the Committee held at the beginning of each quarter, the CFO of the Group and the head of Business Planning present a report to the Committee on the progress of the implementation of both the Business Plan and the Restructuring Plan, highlighting any issues that may require particular attention.
- It establishes the directions of the Budget and proposes the Annual Budget to the Board of Directors.
- At the beginning of each year, the head of each business activity or support division makes a concise presentation of the Business Plan for their area of responsibility to the Executive Committee, along with concise data on the relevant budget and, at the end of each quarter, a summary review of its implementation.
- It establishes administrative committees and determines their composition and competencies.
- It approves, complements or amends the Group's Accounting Policies, following a recommendation by the Piraeus Financial Management & Control.
- It determines the interest rate policy and the pricing of the products and services offered by the Bank.
- It approves the introduction of new and significant changes to existing products and services of the Bank, as well as restructuring products, and formulates their pricing policy before they are made available to clients.
- It approves the marketing strategy and sponsorships, monitoring their implementation and effectiveness.
- At the beginning of each year, the Head of Marketing presents the Bank's marketing strategy, as well as the results of qualitative research and customer satisfaction measurements at a suitable time.
- It approves the Group's technological infrastructure strategy.
- It approves proposed partnerships in sectors or fields of the economy, following a recommendation by the Heads of the competent business units or support units.
- It monitors and supervises the observance of Corporate Governance rules and programs and decides on taking regulatory compliance measures following the recommendation of competent Units or Committees.
- It approves human resources programs (voluntary departure, fees, insurance and other contributions), always within the framework of the approved Personnel Policy (Bank of Greece Governor's Act 2650/2012), having been assigned the related competency of Article 3(2) of Greek Law 3016/2002 by the Board of Directors.
- It sets, within the range of its own approval limits, the approval limits of the Bank's Management Committees and executives on issues not related to financing approval.
- It informs the Board via its Chairman at least once every quarter that the operation of the Group Executive Committee is in accordance with the Bank's operational strategy and risk strategy.

4. Internal Control System

The Internal Control System (ICS) is a set of detailed, documented control mechanisms embedded in policies and procedures covering continuously every activity and transaction and contributing to the Group and the Bank's effective and efficient operations.

Management is responsible for establishing and maintaining an adequate and effective internal control system within the Group as well as relevant procedures and practices. Management also monitors, systematically the adequacy and effectiveness of the existing ICS and implements promptly any actions required for a sustainable response to and mitigation of Operational Risk, while in the same time takes care of the development and enhancement of the ICS on a Group and Bank level. At the same time, with appropriate early warning systems, Management controls the consistent application of the ICS in the Units, as well as the full compliance of all concerned parties with the principles and objectives of the ICS.

The establishment of the ICS aims in particular to:

- the consistent implementation of the business strategy of the Group and the Bank with effective use of existing resources
- the identification and management of risk exposures and potential risks,
- ensure the completeness and reliability of the data, which are necessary for the preparation of reliable financial statements in accordance with IFRS and generally for the accurate and timely determination of the financial position of the Group and the Bank
- the compliance with legislative and regulatory framework governing the operations of the Group and the Bank,
- conduct periodic and/or occasional audits by the relevant Units of the Group Internal Audit Unit to establish consistent application of prescribed rules and procedures by all Business Units of the Group and the Bank.

Under the current institutional framework, the Bank's Internal Control System is supported by an integrated communications and Management Information System (MIS), also by inter-complementary mechanisms, forming an integrated system for controlling and auditing both the Bank's organizational structure and operations.

The Audit Committee monitors and evaluates on a yearly basis the adequacy and effectiveness of the Internal Control System on an individual basis and at Group level, based on the relevant data and information of the Group Internal Audit, the Compliance Division, the findings and observations of the statutory auditors and supervisory authorities. The Audit Committee also reviews the effectiveness of the Bank's compliance procedures with the laws, rules and regulations of the supervisory authorities.

Periodically and at least every three years, upon recommendation of the Audit Committee, an independent chartered public auditor, other than the Group and the Bank's external statutory auditor, is appointed to assess the adequacy of the ICS at Group and the Bank level. The relevant evaluation report is communicated to the Bank of Greece within the first half of the year following the expiration of the three years.

The Audit Committee has an enhanced role as to the financial reporting. Amongst others[13]:

- it informs the BoD of the outcome of the statutory audit and explains how the statutory audit contributed to the integrity of financial reporting and what the Audit Committee's role was in that process;
- monitors the financial reporting process and submit recommendations or proposals to ensure its integrity;
- monitors the effectiveness of the internal quality control and risk management systems and internal audit, regarding the

[13] Detailed information on the responsibilities of the Audit Committee are mentioned in the respective section above

financial reporting, without breaching the Bank's independence;

- monitors the statutory audit of the annual and consolidated financial statements, in particular, its performance, taking into account any findings and conclusions by the supervisory authorities;

The Group and the Bank faces significant risks from the growing dependence on information and integrated information systems that they host and process, from the growing systems interfaces with clients and third parties, from the ongoing organizational and technological changes imposed by business needs, but also by the daily appearance of new technological and other threats. In order to minimise the aforementioned risks and protect its IT Assets, Management has designed and implemented strong IT Security controls. These controls include but are not limited to the following areas:

- User Access Management over applications, operating systems and databases
- Change Management processes governing changes to applications and systems
- Monitoring of daily IT operations (system interfaces, scheduled data flows/jobs and system backups)

The key objectives of the IT Controls, is the appropriate management of the user access rights within its IT infrastructure. The ultimate goal is to eliminate unauthorized access, omissions of errors during access management and compliance with regulatory requirements and standards. In order to meet the above objectives, the following have been implemented:

- Comprehensive and clear User Access Management Policies and Procedures.
- Implementation of a Centralized User Access Control System (IdM). Access provisioning, user termination and job code changes are performed automatically by IdM through a daily feed from HRMS (Human Resource Management System) eliminating human intervention.
- Access rights are based on duties resulting from the job role (Role-Based Access Control - RBAC Method).
- In order to maintain segregation of duties, roles are designed by Organization Department and uploaded in IdM by Group IT security and Control Office.
- User access provisioning as well as termination to shared file folders and specific applications is managed by an authorization procedure.
- Periodic reviews of users with privileged access are performed in applications that are not managed via IdM. Any deviation is recorded and corrective actions are taken.
- Periodic reviews of the domain administrator list and users with remote access via RSA tokens are performed by Group IT Security and Control Office.
- Foreign subsidiaries users access are reviewed in order to identify terminated employees with access to Piraeus Bank Domain.
- Privileged access rights are controlled by special security mechanisms that include strict access control limited to persons that is completely necessary to have such privileges as well as password management. That is supported by full documentation and management of all privileged Used IDs and by the implementation of a password and access control management system (Thycotic) that monitors and logs actions when privileged access is used.
- Logging and reviewing of administrators actions are performed on critical systems (Observe IT, ArcSight)

Information and Telecommunication Systems are critical components for the achievement of the Group's and the Bank's business objectives and strategies and decisively contribute to the implementation and management of its business functions. In order to protect confidentiality and ensure availability and integrity of data and systems, the Bank has designed and implemented strict and comprehensive Change Management Policies and Procedures aiming to govern the changes performed over applications, equipment, operating software and databases. Change requests are prioritised, logged, approved and tracked by a change management tool.

The Change Management Framework also ensures that the appropriate Security Requirements are implemented during a change of an existing system or the development of a new one. Communication networks and telecommunications in general, are one of the Group and the Bank's most important information resources.

The use of networks achieves interconnection between information systems, faster execution of tasks and reduction of operating costs. The use of networks, however, creates several risks, especially in regard to security of the data being routed, but also, more generally, of the interconnected systems. In order to protect the network of the whole Group and the network within the Main Data Centre (MDC), the Bank has designed and implemented a large number of security controls in order to create peripheral protection in a multi-layer architecture.

The main security checks include the following:

- Policies and procedures that set the basic principles for designing, implementing and managing networks and network infrastructures.
- Network segmentation into different protection zones.
- Installation of Firewalls at specific points in the network in order to protect communications to and from the MDC. Protection is established for both branches and central offices of the Bank (internal perimeter), as well as for external partners and internet (external perimeter).
- Design and installation of Intrusion Detection, Intrusion Prevention (IDS/IPS) systems and Web Application Firewall (WAF), in order to protect against external malicious attacks, such as DDoS (Distributed Denial of Service Attacks) and Cyber Attacks.
- Processes for Change Management on Firewalls that are supported by the specific Change Management System (Tuffin).
- Continuous monitoring and on a 24-hour basis response to messages and alerts generated by security systems

For the smooth operation of the Main Data Centre and the support of all technological infrastructure, the Bank has implemented a large number of policies and procedures to guarantee the quality of IT services provided throughout the Group and the Bank. All system interfaces and critical data flows/jobs are monitored by a dedicated operators team on a continuous basis and based on formalized schedules and execution guidelines. Identified issues are documented and followed up as appropriate until successfully resolved. Among other things, the following are performed:

- Maintenance and technical support of systems based on manufacturer specifications and other needs that come across.
- System Updates with newer software versions and security patches.
- Procedures for managing operating system parameters.
- Work planning procedures.
- Logging and troubleshooting procedures.
- Capacity, load and performance management procedures for systems and networks.
- Continuous monitoring of the availability of systems and networks.
- Adequate back-up procedures.

In addition, the Bank has an effective Disaster Recovery Plan activated in case of catastrophic events as well as an Alternative Computer Center that can support, if required, the full operation of the Bank. Please note that the MDC is ISO 27001: 2013 and PCI DSS certified.

Group Internal Audit (GIA) Division

The internal audit function is being exercised within Piraeus Bank Group exclusively by the Group Internal Audit (GIA).

The principal mission of GIA is:

- To conduct any kind of audits regarding all units, activities and providers of material activities of the Bank and all of the Group subsidiaries (hereafter “the Group”), in order to form a reasonable, objective, independent and documented opinion on the adequacy and effectiveness of the Group’s ICS;
- To provide through the Bank’s Audit Committee, to the Bank’s BoD objective results regarding the evaluation of the adequacy and effectiveness of the Group ICS;

GIA submits within the first quarter of each calendar year, to Senior Management and, through the Audit Committee, to the Board of Directors, a report on:

(a) the adequacy and effectiveness of the ICS of the Bank and the Group’s companies;

(b) the effectiveness and observance of risk management procedures and the relevant credit granting procedures, including the provisioning policy (identifying any uncovered risks);

(c) the adequacy of the procedures in relation to the internal evaluation of the Bank’s capital adequacy;

(d) the evaluation of the completeness of the procedure or methodology for estimating the depreciation of the loans and other assets, and any possible changes during the year.

The ICS evaluation is based on the standards and criteria dictated by internationally acknowledged best practices.

According to the Internal Auditors International Institute, Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve the organization’s operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Group Internal Audit:

- functionally reports through the Bank’s Audit Committee to the Bank BoD and only for administrative purposes to the Bank Managing Director / CEO.
- is administratively independent from the other Group Units and shall not conduct any kind of executive and functional responsibilities.
- has full-time and exclusive staff, which shall not report hierarchically to any other Group Units.

The Internal Auditors:

- are provided with unlimited access to all activities, units and premises, and to all kinds and forms of data and information (books, documents, records, bank accounts, portfolio, etc.) of the Group;
- may uninterruptedly communicate with any executives, collective organs and staff within the Group;
- may request and receive from any executive all information and explanations necessary to fulfil their mission as part of any auditing. Any highly confidential or sensitive information may be brought only to the attention of the Group Chief Audit Executive.

The BoD, the Audit Committee and the Management of the Group ensures that the information required is immediately provided by the individual units to the Internal Auditors.

Upon invitation by the Bank's Management, the Internal Auditors may participate during various individual stages in the development of procedures and activities, IT systems or network systems, and may in general provide their consultation on the ongoing improvement and establishment of a sufficient ICS. The results after their participation in any similar projects shall not be considered as auditing.

The scheduling of internal auditing projects is based on a risk assessment process and mainly focuses on high risk areas. The Audit Cycle is determined based on the risk assessment and must cover at least high and moderate risk areas. The Internal Audit Assessment Cycle is approved and amended only by decision of the Bank's BoD following the recommendation of the Bank's Audit Committee.

Based on the Audit Cycle, the GIA drafts an Annual Action Plan, giving priority to high and moderate risk areas, which shall be approved by the Bank's BoD following the recommendation of the Bank's Audit Committee.

The Annual Action Plan shall include the annual auditing objectives, the scheduled audits regarding the Group activities and the material activities providers, any human resources requirements, the relevant travel costs, any training programs and relevant expenses, as well as an assessment concerning the Group activities coverage. The Annual Action Plan shall take into consideration any possible unforeseen internal auditing projects and the requirements of the Management.

The Bank expects that all executives who are participating in Internal Auditing shall act in good faith according to their judgement and exercise due diligence, in order to adequately and continuously (at all times) safeguard the interests of the Bank and its Shareholders. The Internal Auditors are expected to apply and shall act in compliance with the Group Code of Conduct and the rules provided for in international standards for internal auditors. The strict application of the functional framework contributes to the achievement of consistency, coherence, stability and credibility in the function f Internal Auditing.

The Internal Auditors may render themselves liable in case they do not apply and defend the following specific principles:

- Integrity
- Objectivity
- Confidentiality
- Competency

5. Group Compliance Division

The Group Compliance Division was established in the context of complying with the rules of the Basel II supervisory framework and the provisions of the Bank of Greece Governor's Act 2577/2006 as an independent unit that is responsible for implementing the policy adopted by the Bank's Board of Directors in order to comply with the relevant applicable legal and regulatory framework. The Group Compliance Division refers to the Board of Directors through the Audit Committee, it has unrestricted access to all data and information necessary to carry out its duties and is managed by a person selected to be the Group Compliance Officer possessing sufficient knowledge of banking and investment activities.

Group Compliance has the following competences and responsibilities:

- It develops and implements appropriate procedures and prepares a related annual Compliance Action Plan, with the objective of achieving timely and continuous compliance of the Group and the Bank with the regulatory framework in force, and the Group and the Bank´s internal rules, having at any given time a complete view of the degree of achievement of the said objective.

- It informs Senior Management and the BoD of the Bank of any identified significant violation regarding compliance with the regulatory framework in force or any serious deficiencies of adherence to the requirements derived from the aforementioned framework.
- In case of amendments of the regulative framework in effect, it provides, with the assistance of Legal Services and / or the local legal consultants of the Subsidiaries abroad, relative instructions for the adjustment of internal procedures and internal rules applied by the Group Business Units.
- In cooperation with the Human Resources, it ensures that the staff is timely updated on amendments of the regulatory framework of the AML/CFT policy, with the development of appropriate procedures and training programs.
- It coordinates and evaluates the work of the Heads of Compliance Units (Compliance Officers) of the branches abroad and of the Subsidiary Banks and other subsidiaries in Greece and abroad, so that all Group companies fully comply with the regulatory provisions applicable at the time.
- It ensures, by implementing appropriate procedures, the keeping of deadlines for the fulfillment of the obligations stipulated by the regulative framework in force, and for this purpose provides to the BoD, written reassurance through its reports.
- It ensures that the Group and the Bank comply with the regulatory framework regarding the prevention of using the banking system for the legalization of proceeds from criminal activities and terrorist financing. For this purpose, it examines the compliance of the Organisational Units regarding money laundering issues and adherence to the obligations regarding the combating of terrorism, and sets up the proper environment for the prompt detection, prevention, investigation and reporting of relevant actions.
- It participates (at least) on a consulting basis in the design of new products and processes, regarding business decision making, and, the assessment of the operational risk arising from significant changes (mergers, acquisitions, etc.), so as to ensure compatibility with the regulatory framework in force. At the same time, the Group Internal Audit and the Operational and Market Risk Management participate in order to have appropriate control mechanisms and risk management mechanisms established.
- It expresses an opinion on the selection and suitability of the Heads of the relevant Units of the Subsidiaries, and evaluates their efficiency.
- Examines and responds, according to the current legislation along with the support of the Legal Services, to Competent Authorities requests relative to the provision of information and/or the restriction of account/safety deposit box movement.
- Gives opinion on new financing and loan restructuring to the relevant approval committee of the Bank.
- Monitors participations in Piraeus Bank Share Capital Increases against direct and indirect funding.

Risk Management

The Board and Management places particular emphasis on the effective monitoring and management of risk, at both the Group and Bank level, with a view to maintain stability and continuity of its operations. In this context, the competent bodies of the Group and the Bank, regularly record and reassess its Risk and Capital Strategy as regards assuming, monitoring and managing risk and distinguishing transactions and customers by level of risk; they determine appropriate maximum acceptable limits of risk-taking overall by each type of risk, refining each of these limits, they also establish limits for discontinuing loss-making activities and take other corrective actions.

Management proceeded with establishing reliable, effective and comprehensive policies and procedures to assess and maintain on an ongoing basis the amounts, composition and distribution of its capital, which Management each time deems adequate for covering the nature and level of risk the Bank undertakes or may undertake. These policies and procedures are subject to regular internal review and assessment by the Group Risk Management Division in order to ensure that they remain comprehensive, adequate and proportionate to the nature, extent and complexity of the Bank's current activities.

The following organizational units are involved in the process of planning, monitoring and management of risk and of assessment of capital adequacy in relation to the amount and type of risks undertaken:

- The Risk Committee, which the Board of Directors has entrusted with the responsibilities related to risk management in accordance with the provisions of the Bank of Greece Governor's Act 2577/2006 so as to cover effectively all forms of risk throughout the entire range of the Group and the Bank's activities, and to ensure their consolidated audit, their specialized handling and the necessary coordination at Bank and Group level;
- The Group Risk Management Division, which is responsible for the design, specification and implementation of the Group and the Bank's policy on risk management and capital adequacy in accordance with the directions of the Board of Directors, which covers the full range of Bank activities and all identified types of risk.
- The Group Credit Unit, as the 2nd line of defense is responsible for establishing and updating Credit Policy.
- The Assets/Liabilities Management Committee (ALCO)

The Assets/Liabilities Management Committee (ALCO) consists of eleven members, its Chairman being the Bank's Managing Director & CEO. Members of ALCO are Senior General Managers, General Managers, as well as other executives of the Bank. ALCO is supported by an Executive Secretary. ALCO convenes monthly and its main duties are the implementation of the Bank's strategy in developing assets and liabilities; the management of assets and liabilities exercising at the same time a pricing policy in products and services; the approval for the introduction of new deposit or loan products, the follow-up of equity adequacy in relation to the risks, the examination of stress test scenarios and the decision making on preserving the available Group liquidity at acceptable levels.

The Group Risk Management Unit is independent from business units which are responsible for transactions and transaction recording, and reports to the CRO. The Group Risk Management Unit performs its duties under the provisions of Bank of Greece Governor's Act 2577/2006. Credit Control Unit operates in accordance with the Bank of Greece Governor's Act number 2589/2007 and the Bank of Greece Governor's Act 2594/2007. The Group Chief Risk Officer (CRO) supervises the Group Risk Management Unit and reports to the Risk Committee and through it to the Board of Directors whereas for administrative matters the CRO reports to the CEO. The Group Risk Management Unit is subject to audit by the Group Internal Audit Division as to the adequacy and effectiveness of risk management procedures.

In order to conduct its duties effectively, the competent officers of the Group Risk Management Unit have access to all the activities and units of the Bank, and to all information and records of the Bank and its Group companies, which are necessary for performing their duties.

The Board of Directors appoints the head of the Group Risk Management Unit upon recommendation of the Risk Committee, and notifies such appointment or replacement to the Bank of Greece. The responsibilities of the Group Risk Management Unit include the valuation of the assets/liabilities for the compilation of financial statements and for the following:

- Confirmation of policies, procedures, and methodologies (eg. mark-to-market, mark-to-model etc.), which are used for their valuation
- Review of the appropriateness of values used in the valuation process
- Monitoring of the valuation results and reporting of the deviations from the policy to the Risk Committee.

Information provided pursuant to Directive 2004/25/EU of the European Parliament and Council

The information of Directive 2004/25/EU of the European Parliament and Council, required pursuant to par.1 d) of art. 43bb) of Greek Law 2190/1920 are included to the Explanatory Report to the General Meeting of the Shareholders, which is a special section of the Board of Director's Report.

Athens, 29 March 2019

Non - Executive Chairman of BoD	Managing Director (CEO) Executive BoD Member
George P. Handjinicolaou	Christos I. Megalou

EXPLANATORY REPORT

This explanatory report of the Board of Directors of Piraeus Bank is addressed to the Ordinary General Meeting of its shareholders and contains detailed information on the matters of paragraph 7 of article 4 of Greek Law 3556/2007 with reference date the 31/12/2018.

1. Structure of the share capital of the Bank

On 31/12/2018 the Bank's share capital amounted to two billion six hundred and nineteen million nine hundred and fifty four thousand nine hundred eighty and four euros (€ 2,619,954,984) divided into four hundred and thirty six million six hundred and fifty nine thousand one hundred and sixty four (€ 436,659,164) ordinary registered voting shares of a nominal value of six euros (€ 6.00) each. The ordinary shares of Piraeus Bank are dematerialised and listed on the Athens Stock Exchange.

Subject to the provisions of Greek Law 3864/2010 setting forth special rights and restrictions for the ordinary shares held by the Hellenic Financial Stability Fund (hereinafter the "HFSF" or the "Fund") (see details below under 4 and 5), each ordinary share of Piraeus Bank incorporates all the rights and obligations stipulated by Greek Law and its Articles of Association, and especially:

- The right to vote and participate in the General Meeting of shareholders.
- The right to receive dividend from the Bank's profits. After the deduction of the percentage stipulated by Greek Law and the Articles of Association for the formation of the statutory reserves, each fiscal year a percentage of 35% of the profit for the period is distributed to the shareholders as statutory dividend, whereas the General Meeting decides in its discretion on the distribution of the remaining amount. The determination date for the shareholders entitled to receive dividend is announced at the Ordinary General Meeting. Dividend is paid to the shareholders within approximately seven (7) business days from the determination date, as more specifically announced through the Press. The right to receive payment of the dividend is time-barred and the respective unclaimed amount is devolved to the Greek State upon the lapse of five (5) years from the end of the year during which the General Meeting approved the distribution of the said dividend. It is noted that for as long as the Bank is subject to the provisions of Greek Law 3864/2010, the total dividend distribution cannot exceed the aforementioned statutory dividend. Moreover, in accordance with Cabinet Act 36/2.11.2015 no dividend is distributable in respect of ordinary shares of the Bank in the event the Bank does not make interest payments on the Contingent Convertible Bonds (CoCos) which were taken up by the HFSF for the purposes of providing capital support during the recapitalization of the Bank in December 2015.
- The right to receive a pro rata share of the Bank's net liquidation proceeds or all or part of the nominal value of any shares in the event of a total or partial redemption of the Bank's share capital pursuant to a relevant resolution of the General Meeting of the Bank's shareholders. The General Meeting of the shareholders retains all of its rights during the liquidation procedure. It is noted that in accordance with the provisions of L. 3864/2010 for the period during which the HFSF holds shares of the Bank, in the event that the Bank is placed under liquidation, the HFSF in its capacity as shareholder is preferentially satisfied from the liquidation proceeds in priority to all other shareholders.
- A pre-emptive right in each increase of the Bank's share capital in cash and issuance of new shares unless the General Meeting resolves otherwise.
- The right to receive prior to the Ordinary General Meeting copies of the Annual Financial Report, incorporating, inter alia, the auditors' and Board of Directors' reports and the respective consolidated and separate financial statements.

2. Restrictions on the transfer of shares of the Bank

Transfers of Piraeus Bank’s ordinary shares are carried out as prescribed by Greek Law and its Articles of Association do not impose any restrictions in respect thereof.

The disposal of the shares held by the HFSF is subject to the provisions of art. 8 of Greek Law 3864/2010, as in force.

It is noted that within the framework of the share capital increase of the Bank decided upon by the Second Repeat General Meeting of Shareholders dated 23/04/2013 (SCI 2013) and in accordance with the provisions of Greek Law 3864/2010 and of Cabinet Act 38/9.11.2012 in conjunction with Cabinet Act 6/5.6.2013, the Hellenic Financial Stability Fund issued to private sector investors who participated in the share capital increase 849,195,130 certificates representing rights to acquire shares (warrants). Each warrant incorporated the right of its holder to purchase from the HFSF (at a price determined in accordance with paragraph 5 of Article 3 of the Cabinet Act 38/9.11.2012 as amended by Cabinet Act 43/2.12.2015 and in force) a fixed number of the Bank’s ordinary shares which the HFSF acquired in the context of its participation in the aforesaid share capital increase. The purchase rights could be exercised on a six-monthly basis and up to 54 months from the date of issuance of the warrants. According to paragraph 7 of Article 3 of Cabinet Act 38/9.11.2012, apart from transfers which were effected as a result of the exercise of warrants, the HFSF could not transfer the shares underlying the warrants, for a period of 36 months from the date of issue of said warrants. Following the expiry of the said 36 months period and up to the final date for the exercise of the warrants (54 months from their date of issue), the HFSF could transfer the shares underlying the warrants provided that it had complied with the procedure for the notification and invitation of the warrant holders set out in paragraph 7 of Article 3 of the Cabinet Act 38/9.11.2012. It is noted that the 02.01.2018 was the last date for the exercise of the warrants and, based on the provisions of L.3864/2010 and Cabinet Act 38/2012, in conjunction with Cabinet Act 6/2013, the 843,629,886 warrants which were not exercised up to that date automatically lapsed and were cancelled by the HFSF on 5/1/2018.

3. Significant direct and indirect shareholdings within the meaning of Greek Law 3556/2007

On 31/12/2018 the HFSF directly held a total of 115,375,.400 ordinary shares of the Bank representing 26.42% of the total voting rights of the Bank, of which 2,042,067 are subject to the restrictions of article 7A para.2 of L. 3864/2010 with respect to the exercise of the voting rights attached thereto.

Furthermore, on 31/12/2018 “Paulson Co. Inc.” held (indirectly) 39,848,042 voting rights corresponding to an equal number of ordinary, registered, voting, dematerialized shares (namely 9.12% of the total voting rights of the Bank). Paulson & Co. Inc. is an investment advisor registered with the US SEC under the Investment Advisors Act of 1940 and provides investment advice to and manages investment funds.

Pursuant to the records kept by the Bank, as at 31/12/2018 no other shareholder (individual or legal person) holds on an individual basis (directly or indirectly) more than 5% of the total number of ordinary shares of Piraeus Bank.

4. Shares granting special control rights

With the exception of the ordinary shares held by the HFSF, which carry the rights arising from the provisions of Greek Law 3864/2010 and the Relationship Framework Agreement (RFA) dated 27/11/2015 entered into by the Bank and the HFSF, there are no shares of the Bank granting special control rights to their holders.

The ordinary shares held by the HFSF in the share capital of the Bank carry the special rights of Article 10 of Greek Law 3864/2010, as amended and in force, including, inter alia:

- the right to be represented with one member on the Board of Directors. The Representative of the HFSF has the right:

a) to request the convocation of the General Meeting of shareholders;
b) to veto any decision of the Bank's Board of Directors:
   i) in respect of the distribution of dividends and the remunerations and bonuses policy for the Chairman, the Managing Director and the other members of the Board of Directors, as well as those persons having the position of or exercising the competencies of general managers as well as their deputies;
   ii) provided that the matter at hand may set at risk the interests of depositors or may materially affect the liquidity or the solvency or in general the prudent and orderly operation of the Bank (such as the business strategy, and asset management);
   iii) in respect of corporate actions of par. 3 art. 7A of Greek Law 3864/2010 which may significantly affect the participation of the HFSF's in the share capital of the Bank;
c) to request an adjournment of a Board meeting for three (3) business days in order to receive instructions from the HFSF Executive Committee. This right may be exercised until the adjournment of the meeting of the Board of Directors of the Bank.
d) to convene the Board of Directors of the Bank;
e) to approve the appointment of the Chief Financial Officer.

- the right to access the books and records of the Bank through executives and consultants of its choice;
- the right to monitor and evaluate the corporate governance framework of the Bank, the members of the Board of Directors and of its Committees on the basis of specific criteria in accordance with international best practice and, in the event of non-satisfaction of such criteria, the right to proceed, under specific conditions, to the convocation of the General Meeting of Shareholders and/or the publication of the results of its evaluation;
- the right to preferential satisfaction from the proceeds of liquidation in priority to all other shareholders in the event that the Bank is placed under liquidation.

Further to the aforementioned, pursuant to the provisions of the Relation Framework Agreement, the HFSF, for the period during which it holds shares or warrants of the Bank, has the additional rights set out in the RFA, amongst which, the following:

- the HFSF Representative on the Board of Directors of the Bank participates in the Committees of the Board of Directors, namely the Audit Committee, the Risk Management Committee, the Remuneration Committee, the Board Nomination Committee and the Strategic Planning Committee. In addition, thereto, the Observer appointed by the HFSF participates without voting right in the meetings of the Board of Directors and the above Committees;
- the HFSF Representative on the Board of Directors may request the inclusion of items on the agenda of the meetings of the Board and of the Committees on which he/she participates;
- the HFSF Representative may request the inclusion of items on the agenda of the General Meeting of Shareholders convened by the Board of Directors;
- the HFSF provides its prior consent for a number of items characterized in the RFA as material, including inter alia: (a) the Restructuring Plan and any amendments thereof (b) any material transactions and corporate reorganizations above a set threshold, (c) the policy on connected borrowers and any amendments, revisions or deviations therefrom, (d) the policy on management of NPLs and any amendments, revisions and deviations therefrom;
- the HFSF reviews the annual self-assessment exercise of the Board of Directors. On the basis of this assessment and/or following the assessment performed by the HFSF under art. 10 of Greek Law 3864/2010, the HFSF may propose specific suggestions for improvements or potential amendments to the Bank's corporate governance framework;
- the HFSF monitors the implementation of the Restructuring Plan and the Bank's NPL management framework as well as the Bank's performance in respect to the same.

According to the RFA, the HFSF ensures that, in exercising their rights, the HFSF, the HFSF Representative and the HFSF Observer shall respect the Bank’s business autonomy and independence in the decision making of the Bank in compliance with the Restructuring Plan and act according to the terms of the Greek Law and the RFA.

5. Restrictions on Voting Rights

The Bank’s Articles of Association do not impose restrictions on the voting rights or the exercise periods of voting rights attached to its ordinary shares.

According to Article 7A par. 2 case a) and par. 3 of Greek Law 3864/2010, the HFSF exercises the voting rights attached to the shares acquired during the abovementioned share capital increase of 2013 only in respect of decisions amending the Articles of Association, including the increase or reduction of capital or the provision of a respective authorization to the Board of Directors of the Bank, merger, division (demerger), transformation, revival, extension of duration or dissolution, transfer of assets, including the sale of subsidiaries, or on any other issue requiring increased majority pursuant to Codified Greek Law 2190/1920. For the purposes of calculating the quorum and majority at the General Meeting, the aforementioned shares of the HFSF are not taken into account when deciding on matters other than the aforementioned.

The abovementioned restrictions do not apply to the voting rights attached to the shares acquired by the HFSF in the context of the capital support provided for the recapitalization of the Bank in December 2015 under the revised Greek Law 3864/2010.

6. Shareholders’ Agreements

The Bank has not been made aware of any agreements between its shareholders regarding restrictions in the transfer of the Bank’s ordinary shares or the exercise of the voting rights attaching to such shares.

7. Rules regarding the appointment and replacement of Board members and amendments to the Articles of Association

Pursuant to the Bank’s Articles of Association, in the event that a Board member resigns, is deceased or forfeits his office for any reason whatsoever, or is deemed forfeited by a resolution of the Board of Directors due to his unjustifiable absence from meetings for three consecutive months, the Board of Directors may continue the management and representation of the Bank without replacing the departed member(s) provided that the remaining members are at least nine (9). In the event that the number of the members of the Board of Directors falls below nine (9), the Board is obliged to elect replacements for the remaining term of the departed member(s), in order to ensure that the Board of Directors is comprised of at least nine (9) members. This election resolution must be published according to the provisions of corporate law, and is announced by the Board of Directors in the upcoming General Meeting of Shareholders, which may replace the elected directors even if there is no respective item on the agenda. In every event, the actions of a member of the Board of Directors elected in such manner are deemed valid, even if such member is subsequently replaced by the General Meeting.

The rules set out in the Bank’s Articles of Association regarding members’ appointment and replacement, as well as amendment of the provisions of the Articles of Association, do not deviate from the corresponding provisions of Codified Greek Law 2190/1920 and Law 4548/2018, effective as of 1/1/2019.

The HFSF pursuant to art. 10 para. 2 of Greek Law 3864/2010 is represented with one member on the Board of Directors of the Bank with the aforementioned rights.

Supervisory assessment of Board members’ suitability conducted by the Single Supervisory Mechanism (SSM) of the European Central Bank (ECB): Pursuant to art. 93 of Regulation (EU) 468/2014 of the ECB, the appointment or replacement of the members of the Board of Directors or the renewal of their term of office is subject to their suitability assessment by the SSM.

Amounts in million euros (Unless otherwise stated)

In addition, for as long as the HFSF holds ordinary shares or CoCos of the Bank, the members of the Board of Directors must satisfy the criteria set out in Greek Law 3864/2010 and are subject to the assessment provided for in said Greek Law and in the RFA.

8. Authority of the Board of Directors to issue new or to acquire own shares

There is no subsisting authorization to the Board of Directors of the Bank to increase the share capital with the issuance of new shares, other than the authorization granted by the Extraordinary General Meeting dated 15.11.2015 to the Board to decide, with the quorum and majority prescribed by Greek Law, on the increase of the share capital of the Bank up to the amount of Euro one billion (€ 1,000,000,000.00) pursuant to the provisions of article 13 par.1 of C.L. 2190/1920 and to determine the terms of same, including the subscription price for the new shares and to proceed to all necessary actions for the issuance and allocation of the shares. The abovementioned authorization is valid for five years.

According to paragraph 1 of Article 16C of Greek Law 3864/2010, during the period of participation of the HFSF in the share capital of the Bank, the Bank is not permitted to acquire own shares without the approval of the HFSF. Moreover, during the term of the revised Restructuring Plan as approved by the European Commission, the Bank cannot acquire own shares unless the European Commission provides its consent thereto by way of exception.

9. Significant agreements which enter in force, are amended or terminated in the event of change of control following a public takeover bid

There are no significant agreements of the Bank which come into force, are amended or terminated upon a change of control of the Bank following a public takeover bid.

10. Agreements between the Bank and members of its Board of Directors or its employees

There are no agreements between the Bank and members of its Board of Directors or its employees which provide for their compensation in the event of their departure as a result of a public takeover bid.

Athens, 29 March 2019

Non - Executive Chairman of BoD	Managing Director (CEO) Executive BoD Member
George P. Handjinicolaou	Christos I. Megalou

Amounts in million euros (Unless otherwise stated)

ESMA´s ALTERNATIVE PERFORMANCE MEASURES (APM) AT GROUP LEVEL

No	Performance Measure	Definition
1	**PPA adjustment**	Purchase price allocation (PPA) adjustments relating to the acquisition of the seven banks [i.e. former ATEbank, the Greek banking operations of Cypriot Banks in Greece (Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank), Millennium Bank S.A., Geniki Bank S.A. and Panellinia Bank S.A.] amounting to €3.5 billion as at 31/12/2018 and to €5.8 billion as at 31/12/2017, ("PPA adjustment")
2	**Gross Loans before Expected Credit Loss (ECL) Allowance / Gross Loans**	Loans and advances to customers at amortised cost before expected credit loss (ECL) allowances for impairment on loans and advances to customers at amortised cost gross of PPA adjustments
3	**Net Loans**	Loans and advances to customers at amortized cost gross of PPA adjustments
4	**Deposits**	Amount due to credit institutions plus due to customers
5	**Net Loans to Deposits Ratio**	Net loans over deposits due to customers
6	**NPLs - Non Performing Loans**	Loans and advances to customers at amortised cost in arrears over 90 days past due gross of PPA adjustments
7	**NPEs - Non Performing Exposures**	On balance sheet credit exposures before ECL allowances for impairment on loans and advances to customers at amortised cost gross of PPA adjustments that are: (a) past due over 90 days; (b) impaired or those which the debtor is deemed as unlikely to repay its obligations in full without liquidating collateral, regardless of the existence of any past due amount or the number of past due days; (c) forborne and still within the probation period under EBA rules; (d) subject to contagion from (a) under EBA rules
8	**Coverage Ratio of Loans in Arrears over 90 days (NPLs) by ECL allowance**	ECL allowances for impairment on loans and advances to customers at amortised cost gross of PPA adjustments over NPLs
9	**NPE Coverage Ratio by ECL allowance**	ECL allowances for impairment on loans and advances to customers at amortised cost gross of PPA adjustments over NPEs.
10	**Net Result Attributable to Shareholders from Continuing Operations**	Profit / (loss) for the period attributable to equity shareholders of the parent entity.
11	**Cumulative Provisions**	ECL allowance for impairment on loans and advances to customers at amortised cost gross of PPA adjustment
12	**Cumulative Provisions over Loans**	ECL allowance for impairment on loans and advances to customers at amortised cost gross of PPA adjustment over gross loans
13	**ECL Impairment loss on Loans**	ECL Impairment losses on loans and advances to customers at amortised cost

Amounts in million euros (Unless otherwise stated)

14	**Pre Provision Income**	Profit / (Loss) before provisions, impairment and income tax
15	**Pre Tax Results**	Profit / (loss) before income tax
16	**CET1 phased-in (pro-forma) ratio**	CET1 capital ratio taking into account the positive effect to risk weighted assets (RWA) of selling subsidiaries in Albania and Bulgaria
17	**CET1 fully loaded (pro-forma) ratio**	CET1 capital ratio IFRS 9 fully loaded taking into account the positive effect to risk weighted assets (RWA) of selling subsidiaries in Albania and Bulgaria
18	**Balance sheet**	Statement of Financial Position
19	**Profit and Loss**	Income Statement
20	**Financial Assets**	The sum of: financial assets at FVTPL, financial assets mandatorily at FVTPL, financial assets at FVTOCI,, debt securities at amortised cost.
21	**Other Assets**	Total assets minus net loans minus securities
22	**Other Liabilities**	Total liabilities minus deposits
23	**Other Income**	The sum of: dividend income, net income from financial instruments measured at FVTPL, results from investment securities, results from the disposal of participation of subsidiaries and associates, recycling of the accumulated reserve from financial assets at FVTOCI, net other income / (expense)
24	**Discontinued Operations Result**	Profit/ (loss) after income tax from discontinued operations

The Board of Directors' Report contains financial information and measures as derived from the Group and the Bank's Annual Financial Statements for the year ended 31/12/2018 and 31/12/2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), as endorsed by the EU. Additionally, it contains financial data which is compiled as a normal part of our Financial Statement Closing Process and management information systems. For instance, financial items are categorized as foreign or domestic on the basis of the jurisdiction of organization of the individual Group entity whose separate financial statements record such items.

Moreover, it contains references to certain measures which are not defined under the IFRSs. These measures are non-IFRS financial measures. A non-IFRS financial measure is a measure that measures historical or future financial performance, financial position or cash flows but which excludes or includes amounts that would not be so adjusted in the most comparable IFRS measure. Management believes that the non-IFRS financial measures used, presents a more meaningful analysis of the Group's financial condition and results of operations. However, the non-IFRS financial measures presented are not a substitute for IFRS measures.

Deloitte.

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TRUE TRANSLATION FROM THE ORIGINAL IN GREEK

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of "Piraeus Bank S.A."

Report on the Audit of the Separate and the Consolidated Financial Statements

Opinion

We have audited the accompanying separate and consolidated financial statements of Piraeus Bank S.A. (the Bank), which comprise the separate and consolidated statement of financial position as at 31 December 2018, and the separate and consolidated statements of income, total comprehensive income, changes in equity and cash flows for the year then ended, and notes to the separate and consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the separate and consolidated financial position of Piraeus Bank S.A. and its subsidiaries (the Group) as at 31 December 2018 and their separate and consolidated financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), as endorsed by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as they have been incorporated into the Greek legislation. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements" section of our report. During the whole period of our appointment, we remained independent of the Bank and the Group, in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), as incorporated into the Greek legislation and the ethical requirements relevant to the audit of the separate and consolidated financial statements in Greece. We have fulfilled our ethical responsibilities in accordance with the provisions of the currently enacted legislation and the requirements of the abovementioned Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the separate and consolidated financial statements of the audited period. These matters and the related risks of material misstatement were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

Key audit matters	How our audit addressed the Key audit matters

Allowance for impairment on loans and advances to customers at amortised cost

Loans and advances to customers at amortised cost amounted to € 40,557 million for the Bank and € 39,757 million for the Group as at 31 December 2018 (€44,885 million for the Bank and € 44,720 million for the Group as at 31 December 2017) and impairment losses on loans and advances to customers (charge for the period) amounted to € 572 million for the Bank and € 532 million for the Group for the year ended 31 December 2018 (€ 1,979 million for the Bank and € 2,020 million for the Group for the year ended 31 December 2017).

From 1 January 2018, the Group has adopted IFRS 9, resulting in impairment charges being recognised when the losses are expected (ECL) rather than when they have been incurred.

The Bank and the Group establish allowances for impairments on loans and advances to customers at amortised cost for expected credit losses on both an individual and a collective basis.

Measurement of the allowance for impairments on loans and advances to customers at amortised cost is considered a key audit matter given the magnitude of the specific account balance as well as the fact that the determination of the assumptions used is highly subjective, incorporating high level of Management judgement. Moreover, there is a significant increase in both the number of credit risk models used and the extent of data required for the impairment calculations, while there is limited historical information available to perform back testing of ECL calculations based on actual results.

The most significant Management judgements, relate to:

- Methodologies applied by Management in the context of the measurement for impairment and significant assumptions used, including the estimated value of collaterals, the discounted future cash flows and the range of multiple economic scenarios.
- The credit risk models, developed by Management, for the determination of credit risk factors, such as Loss Given Default (LGD), Probability of Default (PD) and the Exposure at Default (EAD).

Management has provided further information about principles and accounting policies for determining the allowance for impairment on loans and advances to customers at amortised cost, the management of credit risk and the review of impairment in Notes 2.2.12, 2.3.5, 4.1, 4.2, 4.3 and 4.4 to the financial statements.

Based on our risk assessment and following a risk-based approach, we have evaluated the impairment methodologies applied and assumptions made by Management in relation to this key audit matter, which included, inter alia, the following audit procedures:

- We assessed design and implementation of internal controls relevant to the audit, including controls around methodologies applied, credit risk models used, significant assumptions employed by Management, accuracy and completeness of data used, arithmetical accuracy of model calculations as well as controls around the valuation of collaterals.
- We assessed the appropriateness of accounting policy adopted and methodologies used by reference to the requirements of IFRSs and credit risk practices.
- With the support of our credit risk specialists, we tested the appropriateness of the criteria (significant increase in credit risk, unlikely to pay) used for staging assessment of loans and advances to customers at amortised cost.
- On a sample basis, we tested the reasonableness of significant assumptions used in the individual measurement of impairment, including valuation of collaterals (where we also made use of our real estate specialist) and the estimation of discounted future cash flows.
- With the support of our credit risk and modelling specialists, we assessed the appropriateness of the credit risk models used by performing review of the pertinent programming codes, re-performing calculations on a sample basis and by challenging relevant Management's significant assumptions. In addition, we assessed the appropriateness of the macroeconomic variables used in the models as well as the results of Management's validation exercise of the credit risk models.
- With the support of our credit risk specialists, we challenged and assessed whether the economic scenarios applied are reasonable.
- We assessed the appropriateness of post model adjustments, by taking into consideration the current economic conditions, market circumstances and Management's plans.

We assessed the completeness and accuracy of disclosures in accordance with the provisions of the relevant accounting standards, including the IFRS 9 transitional disclosures.

TRUE TRANSLATION FROM THE ORIGINAL IN GREEK

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of "Piraeus Bank S.A."

Report on the Audit of the Separate and the Consolidated Financial Statements

Opinion

We have audited the accompanying separate and consolidated financial statements of Piraeus Bank S.A. (the Bank), which comprise the separate and consolidated statement of financial position as at 31 December 2018, and the separate and consolidated statements of income, total comprehensive income, changes in equity and cash flows for the year then ended, and notes to the separate and consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the separate and consolidated financial position of Piraeus Bank S.A. and its subsidiaries (the Group) as at 31 December 2018 and their separate and consolidated financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), as endorsed by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as they have been incorporated into the Greek legislation. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements" section of our report. During the whole period of our appointment, we remained independent of the Bank and the Group, in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), as incorporated into the Greek legislation and the ethical requirements relevant to the audit of the separate and consolidated financial statements in Greece. We have fulfilled our ethical responsibilities in accordance with the provisions of the currently enacted legislation and the requirements of the abovementioned Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the separate and consolidated financial statements of the audited period. These matters and the related risks of material misstatement were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the Key audit matters
Allowance for impairment on loans and advances to customers at amortised cost	
Loans and advances to customers at amortised cost amounted to € 40,557 million for the Bank and € 39,757 million for the Group as at 31 December 2018 (€44,885 million for the Bank and € 44,720 million for the Group as at 31 December 2017) and impairment losses on loans and advances to customers (charge for the period) amounted to € 572 million for the Bank and € 532 million for the Group for the year ended 31 December 2018 (€ 1,979 million for the Bank and € 2,020 million for the Group for the year ended 31 December 2017). From 1 January 2018, the Group has adopted IFRS 9, resulting in impairment charges being recognised when the losses are expected (ECL) rather than when they have been incurred. The Bank and the Group establish allowances for impairments on loans and advances to customers at amortised cost for expected credit losses on both an individual and a collective basis. Measurement of the allowance for impairments on loans and advances to customers at amortised cost is considered a key audit matter given the magnitude of the specific account balance as well as the fact that the determination of the assumptions used is highly subjective, incorporating high level of Management judgement. Moreover, there is a significant increase in both the number of credit risk models used and the extent of data required for the impairment calculations, while there is limited historical information available to perform back testing of ECL calculations based on actual results. The most significant Management judgements, relate to: • Methodologies applied by Management in the context of the measurement for impairment and significant assumptions used, including the estimated value of collaterals, the discounted future cash flows and the range of multiple economic scenarios. • The credit risk models, developed by Management, for the determination of credit risk factors, such as Loss Given Default (LGD), Probability of Default (PD) and the Exposure at Default (EAD). Management has provided further information about principles and accounting policies for determining the allowance for impairment on loans and advances to customers at amortised cost, the management of credit risk and the review of impairment in Notes 2.2.12, 2.3.5, 4.1, 4.2, 4.3 and 4.4 to the financial statements.	Based on our risk assessment and following a risk-based approach, we have evaluated the impairment methodologies applied and assumptions made by Management in relation to this key audit matter, which included, inter alia, the following audit procedures: • We assessed design and implementation of internal controls relevant to the audit, including controls around methodologies applied, credit risk models used, significant assumptions employed by Management, accuracy and completeness of data used, arithmetical accuracy of model calculations as well as controls around the valuation of collaterals. • We assessed the appropriateness of accounting policy adopted and methodologies used by reference to the requirements of IFRSs and credit risk practices. • With the support of our credit risk specialists, we tested the appropriateness of the criteria (significant increase in credit risk, unlikely to pay) used for staging assessment of loans and advances to customers at amortised cost. • On a sample basis, we tested the reasonableness of significant assumptions used in the individual measurement of impairment, including valuation of collaterals (where we also made use of our real estate specialist) and the estimation of discounted future cash flows. • With the support of our credit risk and modelling specialists, we assessed the appropriateness of the credit risk models used by performing review of the pertinent programming codes, re-performing calculations on a sample basis and by challenging relevant Management's significant assumptions. In addition, we assessed the appropriateness of the macroeconomic variables used in the models as well as the results of Management's validation exercise of the credit risk models. • With the support of our credit risk specialists, we challenged and assessed whether the economic scenarios applied are reasonable. • We assessed the appropriateness of post model adjustments, by taking into consideration the current economic conditions, market circumstances and Management's plans. We assessed the completeness and accuracy of disclosures in accordance with the provisions of the relevant accounting standards, including the IFRS 9 transitional disclosures.

Key audit matters	How our audit addressed the Key audit matters
Recoverability of Deferred Tax Assets	
The Bank and the Group have recognized a deferred tax asset of € 6,600 million and € 6,647 million respectively, as at 31 December 2018 (€ 6,484 million for the Bank and € 6,543 million for the Group as at 31 December 2017), out of which an amount of € 444 million for the Bank and € 446 for the Group (€ 569 million for the Bank and € 571 million for the Group as at 31 December 2017) relates to deferred tax asset recognized on prior year carry forward tax losses. Recognition and measurement of deferred tax assets is considered a key audit matter as it involves high degree of judgement and significant assumptions made by Management around profit forecasts, preparation of budgets, the impact of the Group's business strategic plans, the tax planning strategies and the assessment of utilization of historical tax losses. Management has provided further information about deferred tax assets in notes 2.2.25, 3.5, 4.19, 17 and 40 to the financial statements.	Based on our risk assessment, we have examined the method used to determine the amount of deferred tax assets recognized and assessed the significant assumptions based on which Management prepared the budget and tax planning strategy. Our examination included, inter alia, the following audit procedures: • We assessed the design and implementation of the controls relevant to the audit, around the preparation of profit forecasts and budgets, including the controls over the significant assumptions, data, calculations and methodologies used. • We assessed the reasonableness of Management's significant assumptions and forecasts of future profits by comparing forecasts with actual results and considering Management's business strategic plans.
Information Technology General Controls and controls over financial reporting	
The Bank's and the Group's financial reporting processes are highly dependent on Information Technology (IT) systems supporting automated accounting reconciliation procedures and calculations, thus leading to a complex IT environment, pervasive in its nature and in which a significant number of transactions are processed daily, across numerous locations. This is a key audit matter since it is important that controls over access security, cyber risks, system change, datacentre and network operations are designed and operate effectively to ensure complete and accurate financial records/information. Management has provided further information about Information Technology General Controls under the header "Internal Control System" in Section II of the "Corporate Governance Statement" included in the "Board of Directors' Annual Report".	Based on our risk assessment, we have tested the design and operating effectiveness of Information Technology General Computer Controls (ITGCs) relevant for financial reporting. Our assessment included the evaluation of user access over applications, operating systems and databases, IT operations as well as the process followed over changes made to application systems/programs at all layers. Our IT audit procedures included, among others, testing of: • User access provisioning and de-provisioning process. • Privileged access to applications, operating systems and databases. • Periodic review of user access rights. • Change management process over applications, operating systems and databases (user request, user acceptance testing and final approval for promotion to production). • Datacentre and network operations.

Other Information

Management is responsible for the other information. The other information, included in the Annual Financial Report prepared in accordance with Greek Law 3556/2007, comprises the Board of Directors' Report, referred to in the section "Report on other Legal and Regulatory Requirements", the Statements by the Members of the Board of Directors, and the Information in accordance with Art. 6 of Greek Law 4374/2016. Other information does not include the separate and consolidated financial statements and our auditor's report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed we conclude that that there is a material misstatement in this information, we are required to report that fact. We have nothing to report in this respect.

Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with IFRSs, as endorsed by the European Union, and for such internal control as Management determines is necessary to enable the preparation of the separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, Management is responsible for assessing the Bank's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Bank and the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee (art. 44 of Greek Law 4449/2017) of the Bank and the Group is responsible for overseeing the Bank's and Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, as they have been incorporated into Greek legislation, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

Auditor’s Responsibilities for the Audit of the Separate and the Consolidated Financial Statements

As part of an audit in accordance with ISAs as they have been incorporated into the Greek legislation, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank’s and the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank’s and the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Bank and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the audited period and are therefore consist the key audit matters.

Deloitte.

Report on Other Legal and Regulatory Requirements

1) **Board of Directors Report**
Taking into consideration that Management is responsible for the preparation of the Board of Director's Report which also includes the Corporate Governance Statement, according to the provisions of paragraph 5 of article 2 of Law 4336/2015 (part B) we note the following:
   a) The Board of Director's Report includes the Corporate Governance Statement, which provides the information required by article 43bb of Greek Codified Law 2190/1920.
   b) In our opinion, the Board of Director's Report has been prepared in accordance with the applicable legal requirements of article 43a and 107a and paragraph 1 (cases c and d) of article 43bb of Greek Codified Law 2190/1920 and its content is consistent with the accompanying separate and consolidated financial statements for the year ended 31 December 2018.
   c) Based on the knowledge we obtained during our audit of the Piraeus Bank S.A. and its environment, we have not identified any material inconsistencies in the Board of Director's Report.

2) **Additional Report to the Audit Committee**
Our audit opinion on the separate and consolidated financial statements is consistent with the additional reports provided to the Audit Committee of the Bank and the Group referred to in article 11 of European Union (EU) Regulation 537/2014.

3) **Non Audit Services**
We have not provided to the Bank and the Group any prohibited non-audit services referred to in article 5 of EU Regulation No 537/2014. The allowable non-audit services we have provided to the Bank and the Group during the year ended 31 December 2018 are disclosed in Note 50 to the accompanying separate and consolidated financial statements.

4) **Appointment**
We were first appointed as statutory auditors by the General Assembly of the shareholders of Piraeus Bank S.A. on 28 June 2017. The year ended 31 December 2018 is the second year we have been appointed as statutory auditors by the Annual General Assembly of shareholders of the Bank.

Athens, 3 April 2019

The Certified Public Accountant

Dimitris Koutsos- Koutsopoulos
Reg. No. SOEL: 26751

Deloitte Certified Public Accountants S.A.
3a Fragoklissias & Granikou Str.,
151 25 Maroussi
Reg. No. SOEL: E 120

Amounts in million euros (Unless otherwise stated)

	Note	Group		Bank	
		Year ended		Year ended	
		31/12/2018	31/12/2017	31/12/2018	31/12/2017
Interest and similar income	6	1,874	2,200	1,852	2,188
Interest expense and similar charges	6	(465)	(561)	(467)	(574)
NET INTEREST INCOME		**1,410**	**1,639**	**1,385**	**1,614**
Fee and commission income	7	429	411	372	351
Fee and commission expense	7	(90)	(80)	(83)	(89)
NET FEE AND COMMISSION INCOME		**339**	**331**	**289**	**262**
Dividend income	8	7	8	31	78
Net gain/ (losses) from financial instruments measured at fair value through profit or loss	9	24	22	22	25
Results from investment securities	10	-	52	-	51
Results from the disposal of participation of subsidiaries and associates		(3)	(0)	0	-
Net gain/ (losses) from financial instruments measured at fair value through other comprehensive income	11	17	-	17	-
Net other income/ (expenses)	12	87	95	27	(11)
TOTAL NET INCOME		**1,882**	**2,146**	**1,772**	**2,019**
Staff costs	13	(616)	(546)	(581)	(509)
Administrative expenses	14	(441)	(460)	(420)	(449)
Depreciation and amortisation	30, 31	(103)	(98)	(93)	(90)
Net gain/ (losses) from sale of property and equipment and intangible assets		(1)	(1)	(1)	(1)
TOTAL OPERATING EXPENSES BEFORE PROVISIONS		**(1,161)**	**(1,106)**	**(1,096)**	**(1,050)**
PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX		**721**	**1,041**	**676**	**969**
ECL Impairment losses on loans and advances to customers at amortised cost	25	(532)	(2,020)	(572)	(1,979)
Impairment losses on other assets	34	(63)	(86)	(44)	(64)
ECL Impairment (losses)/ releases on financial assets at fair value through other comprehensive income	45	6	-	6	-
Impairment on investment securities and participations	29	(50)	(20)	(92)	(142)
Impairment of property and equipment and intangible assets	30, 31	(30)	(78)	(23)	(10)
Impairment on assets held for sale	33	0	1	(23)	(5)
Other impairment losses		0	-	0	-
Other provision releases/ (charges)	39	14	(25)	16	29
Share of profit/ (loss) of associates and joint ventures	29	15	(31)	-	-
PROFIT/ (LOSS) BEFORE INCOME TAX		**80**	**(1,219)**	**(57)**	**(1,203)**
Income tax benefit/ (expense)	16	93	1,207	107	1,206
PROFIT/ (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**173**	**(13)**	**51**	**3**
Profit/ (loss) after income tax from discontinued operations	15	(344)	(192)	-	-
PROFIT/ (LOSS) FOR THE YEAR		**(171)**	**(204)**	**51**	**3**
From continuing operations					
Profit/ (loss) attributable to equity holders of the Bank		185	(9)	-	-
Non controlling interest		(11)	(4)	-	-
From discontinued operations					
Profit/ (loss) attributable to equity holders of the Bank		(343)	(192)	-	-
Non controlling interest		(1)	0	-	-
Earnings/ (losses) per share attributable to equity holders of the Bank (in €):					
From continuing operations					
- Basic	18	0.4230	(0.0198)	-	-
- Diluted	18	0.2222	(0.0104)	-	-
From discontinued operations					
- Basic	18	(0.7859)	(0.4393)	-	-
- Diluted	18	(0.4128)	(0.2308)	-	-

Amounts in million euros (Unless otherwise stated)

	Note	Group		Bank	
		Year ended		Year ended	
		31/12/2018	31/12/2017	31/12/2018	31/12/2017
CONTINUING OPERATIONS					
Profit/ (loss) for the year (A)		**173**	**(13)**	**51**	**3**
Other comprehensive income, net of tax:					
Items that may be reclassified subsequently to profit or loss					
Change in reserve from financial assets measured at FVTOCI	19	(39)	-	(39)	-
Change in available for sale reserve	19, 45	-	87	-	86
Change in currency translation reserve	19	2	(6)	-	-
Items that will not be reclassified subsequently to profit or loss					
Change in reserve from financial assets measured at FVTOCI	19	15	-	15	-
Change in reserve of defined benefit obligations	19, 45	(0)	(2)	0	(2)
Other comprehensive income/ (expense), net of tax (B)	19	**(21)**	**79**	**(23)**	**85**
Total comprehensive income/ (expense), net of tax (A)+(B)		**152**	**66**	**28**	**87**
- Attributable to equity shareholders of the parent entity		164	70	-	-
- Non controlling interest		(12)	(4)	-	-
DISCONTINUED OPERATIONS					
Profit/ (loss) for the year (C)		**(344)**	**(192)**	**0**	**0**
Other comprehensive income, net of tax:					
Items that may be reclassified subsequently to profit or loss					
Change in reserve from financial assets measured at FVTOCI	19	1	-	-	-
Change in available for sale reserve	19	-	0	-	-
Change in currency translation reserve	19	147	2	-	-
Items that will not be reclassified subsequently to profit loss					
Change in reserve from financial assets measured at FVTOCI	19	0	-	-	-
Change in reserve of defined benefit obligations	19	0	(0)	-	-
Other comprehensive income/ (expense), net of tax (D)	19	**148**	**2**	**0**	**0**
Total comprehensive income/ (expense), net of tax (C)+(D)		**(196)**	**(189)**	**0**	**0**
- Attributable to equity shareholders of the parent entity		(195)	(189)	-	-
- Non controlling interest		(1)	0	-	-

Amounts in million euros (Unless otherwise stated)

	Note	Group		Bank	
		31/12/2018	31/12/2017	31/12/2018	31/12/2017
ASSETS					
Cash and balances with Central Banks	20	2,572	1,449	2,548	1,154
Loans and advances to credit institutions	21	1,120	2,148	1,130	2,092
Financial assets at fair value through profit or loss	23	382	1,500	372	1,476
Financial assets mandatorily at fair value through profit or loss	23	110	-	110	-
Derivative financial instruments - assets	22	378	460	380	461
Reverse repos with customers	24	103	90	103	89
Loans and advances to customers at amortised cost	25	39,757	44,720	40,557	44,885
Loans and advances to customers mandatorily at FVTPL	25	84	-	84	-
Financial assets at fair value through other comprehensive income	27	2,270	-	2,262	-
Available for sale securities	27	-	2,204	-	2,019
Debt securities at amortised cost	28	208	23	208	23
Assets held for sale	33	307	18	428	183
Investment property	32	1,079	1,121	418	400
Investments in subsidiaries		-	-	602	811
Investments in associated undertakings and joint ventures	29	162	251	179	246
Property and equipment	31	1,010	1,041	877	898
Intangible assets	30	292	301	252	256
Current tax assets	17	221	219	218	217
Deferred tax assets	41	6,647	6,543	6,600	6,484
Other assets	34	3,458	3,045	3,092	2,795
Assets from discontinued operations	15	1,721	2,284	-	-
TOTAL ASSETS		**61,880**	**67,417**	**60,420**	**64,491**
LIABILITIES					
Due to credit institutions	35	5,548	11,435	5,862	11,772
Due to customers	36	44,739	42,715	44,919	41,301
Liabilities at fair value through profit or loss	37	62	-	62	-
Derivative financial instruments - liabilities	22	413	402	413	404
Debt securities in issue	38	528	435	528	435
Current income tax liabilities		2	2	-	-
Deferred tax liabilities	41	32	34	-	-
Retirement benefit obligations	42	192	194	187	188
Other provisions	40	168	53	160	105
Other liabilities	39	885	960	736	860
Liabilities from discontinued operations	15	1,804	1,641	-	-
TOTAL LIABILITIES		**54,374**	**57,872**	**52,866**	**55,065**
EQUITY					
Share capital (ordinary shares)	44	2,620	2,620	2,620	2,620
Share premium	44	13,075	13,075	13,075	13,075
Contingent convertible securities	44	2,040	2,040	2,040	2,040
Less: Treasury shares	44	(1)	(1)	-	-
Other reserves	45	155	11	163	160
Retained earnings	45	(10,499)	(8,327)	(10,343)	(8,468)
Capital and reserves attributable to equity holders of the parent entity		**7,390**	**9,418**	**7,554**	**9,427**
Non controlling interest		116	126	-	-
TOTAL EQUITY		**7,506**	**9,544**	**7,554**	**9,427**
TOTAL LIABILITIES AND EQUITY		**61,880**	**67,417**	**60,420**	**64,491**

Amounts in million euros (Unless otherwise stated)

Group	Note	Attributable to equity shareholders of the parent entity								
		Share Capital	Share Premium	Contingent Convertible securities	Treasury shares	Other reserves	Retained earnings	Total	Non controlling interest	Total
Opening balance as at 1/1/2017		**2,620**	**13,075**	**2,040**	**(1)**	**(66)**	**(8,004)**	**9,664**	**160**	**9,824**
Other comprehensive income, net of tax	19	-	-	-	-	81	-	81	0	81
Profit/ (loss) after tax for the year 2017	45	-	-	-	-	-	(200)	(200)	(4)	(204)
Total comprehensive income/ (expense) for the year		**0**	**0**	**0**	**0**	**81**	**(200)**	**(119)**	**(4)**	**(123)**
Payment to the holders of contingent convertible securities (net of tax)	45	-	-	-	-	-	(117)	(117)	-	(117)
Prior year dividends of ordinary shares		-	-	-	-	-	-	-	(0)	(0)
(Purchases)/ sales of treasury shares	44, 45	-	-	-	0	-	(0)	0	-	0
Transfer between other reserves and retained earnings	45	-	-	-	-	(4)	4	-	-	0
Disposals and movements in participating interests	45	-	-	-	-	-	(9)	(9)	(31)	(39)
Balance as at 31/12/2017		**2,620**	**13,075**	**2,040**	**(0)**	**11**	**(8,327)**	**9,418**	**126**	**9,544**
IFRS 9 Transition impact on Equity	54	-	-	-	-	40	(1,981)	(1,942)	(0)	(1,942)
Opening balance as at 1/1/2018		**2,620**	**13,075**	**2,040**	**(0)**	**51**	**(10,308)**	**7,477**	**126**	**7,603**
Other comprehensive income, net of tax	19, 45	-	-	-	-	127	-	127	(0)	127
Profit/ (loss) after tax for the year 2018	45	-	-	-	-	-	(158)	(158)	(12)	(171)
Total comprehensive income/ (expense) for the year		**0**	**0**	**0**	**0**	**127**	**(158)**	**(31)**	**(12)**	**(44)**
(Purchases)/ sales of treasury shares	44, 45	-	-	-	0	-	(1)	(0)	-	(0)
Transfer between other reserves and retained earnings	45	-	-	-	-	(11)	11	-	-	0
Recycling of the accumulated reserve from financial assets measured at FVTOCI	45	-	-	-	-	-	(32)	(32)	-	(32)
Disposals and movements in participating interests	45	-	-	-	-	(12)	(11)	(23)	2	(20)
Balance as at 31/12/2018		**2,620**	**13,075**	**2,040**	**(0)**	**155**	**(10,499)**	**7,390**	**116**	**7,506**

Amounts in million euros (Unless otherwise stated)

Bank	Note	Share Capital	Share Premium	Contingent Convertible securities	Other reserves	Retained earnings	Total
Opening balance as at 1/1/2017		**2,620**	**13,075**	**2,040**	**75**	**(8,353)**	**9,457**
Other comprehensive income, net of tax	19	-	-	-	85	-	85
Profit/ (loss) after tax for the year 2017	45	-	-	-	-	3	3
Total comprehensive income/ (expense) for the year		**0**	**0**	**0**	**85**	**3**	**87**
Payment to the holders of contingent convertible securities (net of tax)	45	-	-	-	-	(117)	(117)
Balance as at 31/12/2017		**2,620**	**13,075**	**2,040**	**160**	**(8,468)**	**9,427**
IFRS 9 Transition impact on Equity	54	-	-	-	26	(1,894)	(1,868)
Opening balance as at 1/1/2018		**2,620**	**13,075**	**2,040**	**186**	**(10,362)**	**7,558**
Other comprehensive income, net of tax	19, 45	-	-	-	(23)	-	(23)
Profit/ (loss) after tax for the year 2018	45	-	-	-	-	51	51
Total comprehensive income/ (expense) for the year		**0**	**0**	**0**	**(23)**	**51**	**28**
Recycling of the accumulated reserve from financial assets measured at FVTOCI	45	-	-	-	-	(32)	(32)
Balance as at 31/12/2018		**2,620**	**13,075**	**2,040**	**163**	**(10,343)**	**7,554**

Amounts in million euros (Unless otherwise stated)

	Note	Group		Bank	
		Year ended		Year ended	
		31/12/2018	31/12/2017	31/12/2018	31/12/2017
Cash flows from operating activities from continuing operations					
Profit/ (Loss) before tax		80	(1,219)	(57)	(1,203)
Adjustments to profit/ loss before tax:					
Add: provisions and impairment		656	2,229	733	2,172
Add: depreciation and amortisation charge	30, 31	103	98	93	90
Add: retirement benefits and cost of voluntary exit scheme	13	147	27	140	25
Net gain/(losses) from financial instruments measured at fair value through P&L		(2)	0	(5)	1
Net gain/(losses) from financial instruments measured at fair value through other comprehensive income		(17)	-	(17)	-
(Gains)/ losses from investing activities		14	220	(18)	(96)
Cash flows from operating activities before changes in operating assets and liabilities		980	1,356	869	989
Changes in operating assets and liabilities:					
Net (increase)/ decrease in cash and balances with Central Banks		357	(78)	357	(79)
Net (increase)/ decrease in financial instruments at fair value through profit or loss		(210)	1,416	(223)	1,463
Net (increase)/ decrease in financial assets mandatorily at fair value through profit or loss		(1)	-	(1)	-
Net (increase)/ decrease in debt securities at amortised cost		(208)	11,741	(208)	11,741
Net (increase)/ decrease in loans and advances to credit institutions		45	340	177	556
Net (increase)/ decrease in loans and advances to customers		1,312	1,869	1,173	1,687
Net (increase)/ decrease in reverse repos with customers		(14)	(60)	(14)	(60)
Net (increase)/ decrease in other assets		(480)	(152)	(368)	33
Net increase/ (decrease) in amounts due to credit institutions		(5,904)	(15,553)	(5,910)	(15,621)
Net increase/ (decrease) in liabilities at fair value through profit or loss		62	(0)	62	0
Net increase/ (decrease) in amounts due to customers		3,620	1,536	3,618	1,536
Net increase/ (decrease) in other liabilities		(222)	(408)	(286)	(275)
Net cash flow from operating activities before income tax payment		(664)	2,007	(756)	1,970
Income tax paid		(0)	(11)	(0)	-
Net cash inflow/ (outflow) from continuing operating activities		**(664)**	**1,996**	**(756)**	**1,970**
Cash flows from investing activities of continuing operations					
Purchases of property and equipment	31,32	(148)	(213)	(109)	(150)
Sales of property and equipment and intangible assets		33	13	30	9
Purchases of intangible assets	30	(31)	(33)	(31)	(32)
Purchases of assets held for sale		(0)	(2)	-	(2)
Sales of loan portfolio		467	0	466	-
Purchases of financial assets at fair value through other comprehensive income		(2,153)	-	(2,152)	-
Disposals of financial assets at fair value through other comprehensive income		1,739	-	1,734	-
Purchases of investment securities		-	(5,905)	-	(5,897)
Disposals/ maturity of investment securities		-	5,868	-	5,854
Acquisition of subsidiaries excluding cash & cash equivalents acquired		(1)	(2)	(3)	(4)
Sales of subsidiaries excluding cash and balances sold		251	(2)	197	-
Acquisition and participation in share capital increases/ decreases of associates		(25)	(32)	(25)	(31)
Sales of associates		9	-	9	-
Dividends received		7	8	31	78
Net cash inflow/ (outflow) from continuing investing activities		**146**	**(299)**	**147**	**(175)**
Cash flows from financing activities of continuing operations					
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds		93	348	93	348
Purchases/ sales of treasury shares and preemption rights		(0)	0	-	-
Payment to the holders of contingent convertible securities	45	-	(165)	-	(165)
Net cash inflow/ (outflow) from continuing financing activities		**92**	**183**	**93**	**182**
Effect of exchange rate changes on cash and cash equivalents		(10)	0	(10)	(4)
Net increase/ (decrease) in cash and cash equivalents from continuing activities (A)		**(436)**	**1,880**	**(526)**	**1,973**
Net cash flows from discontinued operating activities		(41)	224	-	-
Net cash flows from discontinued investing activities		(357)	(160)	-	-
Net cash flows from discontinued financing activities		-	-	-	-
Exchange difference of cash and cash equivalents		(2)	5	-	-
Net incease/ (decrease) in cash and cash equivalents from discontinued activities (B)	47	**(400)**	**70**	**0**	**0**
Cash and cash equivalents at the beginning of the year (C)		**4,188**	**2,238**	**3,479**	**1,506**
Cash and cash equivalents at the end of the year (A) + (B) + (C)	47	**3,351**	**4,188**	**2,954**	**3,479**

1 General information

Piraeus Bank S.A. ("Piraeus Bank" or the "Bank") was established in 1916 and its shares have been listed on the Athens Exchange Securities Market since 1918. The Bank is a credit institution operating in the form of a Société Anonyme under the direct supervision of the European Central Bank (ECB) and the Bank of Greece (BoG), in accordance with the provisions of Greek Laws 4261/2014, 2190/1920 being in effect and the applicable regulatory framework on the operation of credit institutions. According to its Articles of Association, the Bank's business scope is all banking activities recognised or to be recognised by law.

From 1/1/2019, the Greek Law 4548/2018 "Reform of the Law of Societes Anonymes" (A' 104 / 13/06/2018) came into force, which in combination with the law for Corporate Transformations replaces the previously in force Greek Corporate Law 2190/1920 for societe anonymes and is applied to all societe anonymes (listed, special forms) unless otherwise provided. The new law incorporates into Greek Law the provisions of the SRD II Directive for the remunerations of the members of the Board of Directors (rule say on pay), as well as the transactions with related parties, while it takes into consideration the "collective accounts" through which securities are held. The modifications in the legal framework governing the formation and operation of societes anonymes resulting from the implementation of the new law mainly concern the following sections:

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

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

Piraeus Bank is incorporated and domiciled in Greece. The address of its registered office is 4 Amerikis str., 105 64 Athens, General commercial registry number 225501000. The duration of the Bank lapses on 6/7/2099. Piraeus Bank and its subsidiaries (hereinafter "the Group" as a whole) provide services in Southeastern and Western Europe. The Group employs, as of 31/12/2018, in total 15,000 people out of which 2,384 people refer to discontinued operations (IMITHEA S.A., Tirana Bank I.B.C. S.A. and Piraeus Bank Bulgaria A.D.). The Bank respectively employs 11,794 people.

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

Amounts in million euros (Unless otherwise stated)

The composition of the Board of Directors on the approval date of these Annual Financial Statements is as follows:

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

According to the Bank's Codified Articles of Association and the current institutional framework, the members of the Bank's Board of Directors are elected by the General Meeting of Shareholders and are always re-elected. The Members of the Board of Directors have a term of three years, which may be extended until the first Ordinary General Meeting convened after such term has elapsed. It is noted that pursuant the Greek Law 3864/2010, a representative of the Hellenic Financial Stability Fund (HFSF) is taking part in the Board of Directors. Furthermore, in case of replacement of a member of the Board of Directors, according to the Bank's Codified Articles of Association, the respective replacement applies for the remaining term of the member being replaced. Pursuant the Annual General Shareholders' Meeting Resolution as of 28/6/2017, the term of the Board of Directors expires on 28/6/2020, extended as above mentioned.

2 Summary of significant accounting policies

The accounting policies applied by the Group and the Bank in the preparation of the financial statements are set out below. As permitted by the transitional provisions of IFRS 9 and IFRS 15, the Group and the Bank have selected not to restate the comparative period information and the accounting policies as set out in Note 2 of the Consolidated and Separate Financial Statements for the year ended 31/12/2017 apply to the comparative periods.

2.1 Basis of preparation and International Financial Reporting Standards ("IFRSs")

2.1.1 Basis of preparation

The financial statements of the Group and the Bank for the year ended 31/12/2018 have been prepared in accordance with the International Financial Reporting Standards (the "IFRSs") issued by the International Accounting Standards Board (the "IASB"), as endorsed by the European Union (the "EU") issued and effective as at the time of preparing these financial statements.

The amounts are stated in million Euros, rounded to the nearest thousand (unless otherwise stated). Any differences, between the amounts presented in the primary statements and the relevant amounts presented in the notes, are due to roundings. Where necessary, comparative figures have been adjusted to conform to changes in the presentation in the current period. The adjustments made are not considered to have any material impact on the presentation of the primary statements, as presented in Note 51 of the financial statements.

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

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

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

2.1.2 Going concern

Conclusion

Management has concluded that the financial statements of the Group and the Bank have been appropriately prepared on a going concern basis as of 31/12/2018 taking into account:

a) the significant positive developments that have taken place in the Greek economy during the last years and the estimates that point to the macroeconomic environment maintaining its growth momentum,

b) the Group's and the Bank's improving liquidity position, including zero reliance on Emergency Liquidity Assistance "ELA" since July 2018 diversified sources of funding,

c) the upward trend in the Group's profitability from continuing operations and

d) the Group's capital adequacy.

Macroeconomic environment

In 2018, the Greek economy maintained its growth momentum. Significant developments consist the base of the improvement of economic sentiment and of fiscal stability. The boosted economic activity and the focusing of the economic policy under the Enhanced Surveillance framework, ensure the growth trajectory of the Greek economy, addressing the challenges.

In August 2018, Greece concluded the 3-years ESM's economic adjustment program, with a total disbursed amount of € 61.9 billion, and the Enhanced Surveillance framework was activated. In the context of this framework, two reviews in November 2018 and in February 2019 were completed. At the same time, further debt relief measures were announced and are expected to be fully enforced in the first half of 2019, while a cash buffer has also been built up in order to cover the Greek sovereign financial needs. In parallel, in 2018, Moody's, S&P and Fitch have gradually upgraded the Greek sovereign rating on B3, B+ and BB- respectively, with positive Outlook (only Fitch kept outlook stable). At the beginning of 2019, both S&P and Fitch affirmed the existing ratings and outlook while Moody's upgraded Greece's rating to B1 from B3, changing the outlook to stable from positive. In January 2019, Greece returned to the markets with a € 2.5 billion five-year bond with a 3.6% yield and in March 2019 issued a € 2.5 billion ten-year bond with a 3.9% yield, reflecting a solid environment, a necessary condition for the Greek economy to stay on a sustainable growth path.

During 2018, the Greek economy maintained its macroeconomic momentum. At the same time, the steady improvement in the economic sentiment both in the business and consumers environment especially in the first nine months of 2018, drove the economic sentiment indicator (ESI) to 102.1 points (2018 average), the highest level compared to the last decade. Real Gross Domestic Product "GDP" sustaining the growth momentum of 2017 (+1.5%), increased by 1.9% in 2018. Moreover, based on monthly seasonally adjusted data, the unemployment rate fell to 19.3% in 2018 against 21.5% in 2017, with a 2.0% increase in employment on an annual basis. Moreover, in 2018 there was an 0.6% inflation (2017: 1.1%), incorporating partially the energy prices increase. Furthermore, in 2018, the tourism sector continued its positive momentum, as travel receipts increased by 10.1% and inbound traveler flows by 10.8% on an annual basis. Alongside tourism, a plethora of other economic activity indicators, such as industry, retail and wholesale trade, services and exports recorded positive trends in the last two years. At the fiscal level, according to the execution of the state budget on a modified cash basis, the state budget balance for 2018 presented a deficit of € 2.3 billion against the target of a € 1.9 billion deficit. According to the State Budget 2019, which is now under the Enhanced Surveillance definition, the general government primary surplus for 2018 is estimated at 3.98% of GDP (€ 7.4 billion), exceeding the 3.5% target that has been set.

The economic and political situation in Greece remains the prime risk factor for the domestic banking sector in general and for Piraeus Bank in particular, while geopolitical developments in the wider region are an additional risk factor. To this end, adverse developments regarding the implementation of the country's annual budget would potentially have a negative effect on the Bank's liquidity (i.e. stop attracting or losing deposits, reducing repo interbank transactions with third parties) and on the Bank's capital adequacy (i.e. impact on the quality of its loan portfolio and its profitability). Management closely monitors the developments and assesses periodically the impact that this might have on its operations and financial performance.

Liquidity

During the year 2018, domestic market deposits (private and public sector,) increased by 10.6% to € 152.4 billion. The exposure of all Greek banks in the Euro system was substantially reduced from € 33.7 billion as at 31/12/2017 to € 11.1 billion as at 31/12/2018, of which: a) € 0.9 billion was covered by the ELA (the provision of liquidity support by the ELA is granted to adequately capitalized credit institutions that have acceptable assets as collateral, and is assessed on a regular basis by the ECB) and b) € 10.1 billion from ECB's Main Refinancing Operations ("MRO") and ECB's Targeted Longer-Term Refinancing Operations II ("TLTRO II").

During the year 2018, the Group and the Bank's exposure to the Eurosystem significantly reduced by € 6.5 billion to € 3.2 billion as at 31/12/2018 compared to € 9.7 billion as at 31/12/2017, mainly assisted by the increase of deposits in Greece, the enhanced access to international repo markets, further deleveraging of the loan portfolio and the Bank΄s participation in ESM's bond exchange program with cash of € 1.5 billion. Piraeus Bank's financing through the ELA was eliminated during July 2018 and remained nil as at 31/12/2018, versus € 5.7 billion as at 31/12/2017. During 2018, the Group and the Bank's ECB refinancing (through main refinancing operations – MRO and Targeted Long Term Refinancing Operations – TLTRO II) was reduced by € 0.8 billion, and amounted to € 3.2 billion as at 31/12/2018 versus € 4.0 billion as at 31/12/2017. Following the assignment on 31/8/2018 of an investment grade credit rating to the Bank's € 10 billion Global Covered Bonds Program by DBRS –under which there are currently five outstanding series worth € 4.5 billion– part of these are utilised as collateral to ECB's main refinancing operations, with significantly lower funding cost versus repo market.

On 27/6/2018, the Bank returned € 3.0 billion out of total € 4.0 billion of TLTRO II funding to ECB, exercising its early repayment option. It should be reminded, that Greek banks participated in the TLTRO, getting the benefit associated with the TLTRO II program announced on 10/3/2016 by the ECB, subject to sufficient eligible collateral.

On 10/8/2018, the Governing Council of the ECB decided that beginning 21/8/2018, the Euro system's standard criteria and credit quality thresholds should apply in respect of marketable debt instruments issued or fully guaranteed by the Hellenic Republic and that such debt instruments will be subject to the standard haircuts set out in Guideline (EU) 2016/65 of the ECB. Piraeus Bank, having incorporated this development of the so-called waiver lift in its funding strategy, absorbed the impact by tapping the interbank repo market.

In January 2017 the governing bodies of the European Stability Mechanism (ESM) and European Financial Stability Facility (EFSF) approved the implementation of a set of short term measures for the relief of Greek public debt that was agreed on 25/5/2016. Among the bond exchange scheme, where floating rate notes disbursed by ESM and EFSF to Greece for recapitalization of Greek banks and funding gaps stemming from acquisitions/mergers were exchanged for fixed coupon notes or cash. During 2017 a notional amount of notes totaling at € 10.9 billion that was held by Piraeus Bank, was exchanged for cash and another € 1.5 billion for fixed coupon notes, which were subsequently exchanged for cash on 17/1/2018, concluding in this way the bond exchange scheme.

Capital adequacy

The Group's Basel III total capital adequacy ratio as at 31/12/2018 stood at 13.65%, as did the Group's Common Equity Tier 1 (CET-1) ratio, a level that surpasses the Overall Capital Requirement ("OCR") ratio of 13.625% set by SSM through the Supervisory Review and Evaluation Process ("SREP"). The Group's Basel III total capital adequacy ratio after incorporating the positive effect of amount € 1.1 billion risk weighted assets (RWA) release from selling the subsidiary financial institutions in Albania and Bulgaria, is standing at 14.0%. These sales have been completed or are expected to be completed during 2019.

On 5/5/2018, the European Central Bank ("ECB") announced the results of the 2018 EU-Wide Stress Test Exercise ("Stress Test Exercise") conducted by the ECB concerning the four Greek systemic banks. The reference balance sheet of 31/12/2017 ("Static Balance Sheet") was stressed under a "baseline" and an "adverse" scenario. Under the Stress Test Exercise, Piraeus Bank posted a Common Equity Tier 1 capital ratio ("CET1 ratio") of 14.5% under the "baseline" scenario and 5.9% under the "adverse" scenario at the end of 2020.

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

Please refer to Note 4.18 for further details on the Group and the Bank's capital adequacy.

2.1.3 Adoption of International Financial Reporting Standards (“IFRSs”)

New accounting standards, amendments and interpretations to existing accounting standards effective from 1/1/2018

New accounting standards

IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1/1/2018). The Group adopted IFRS 9 “Financial instruments” on 1/1/2018, which replaces IAS 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 changed the provisions concerning the classification and measurement of financial assets and financial liabilities and established an expected credit losses model that replaces the incurred loss impairment model used until financial year 2017. IFRS 9 modified also the provisions relating to hedge accounting in a way to align the accounting of hedging relations with the risk management activities. Given that IFRS 9 provides an optional adoption of the revised hedge accounting, the Group and the Bank have elected to retain the IAS 39 hedge accounting requirements. Currently the Group and the Bank do not apply hedge accounting.

The Group and the Bank have elected to apply IFRS 9 retrospectively, without restating the relevant comparative figures, in compliance with the transitional provisions. Therefore, the comparative information for financial year ended 31/12/2017 is not comparable to the information presented for the financial year ended 31/12/2018, as is it reported under IAS 39. Relevant to the transition disclosures on IFRS 9 is Note 54.

IFRS 15 “Revenue from Contracts with Customers” (effective for annual periods beginning on or after 1/1/2018). IFRS 15 established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 replaces the revenue recognition guidance included in IAS 18 “Revenue”, IAS 11 “Construction Contracts” and the related Interpretations. IFRS 15 establishes the principles that an entity shall apply to report useful information to the users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The new standard shall be applied to all contracts with customers, except those that are in scope of other standards, such as financial instruments, financial leases and insurance contracts. According to the new standard, an entity recognizes revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration in exchange for those goods or services, when the underlying performance obligation is satisfied.

The five – step approach to revenue recognition provided by IFRS 15 is the following:

- Identify the contract with the customer.
- Identify the performance obligations in the contracts.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contracts.
- Recognize revenue when the entity satisfies a performance obligation.

The Group and the Bank has adopted IFRS 15 as of 1/1/2018 and the adoption of the standard did not have impact on the consolidated and separate financial statements. Relevant the transition to IFRS 15 is Note 7.

Amendments and interpretations

IFRS 15 (Amendment) “Revenue from Contracts with Customers” (effective for annual periods beginning on or after 1/1/2018). The amendment clarifies and gives specific guidance to three aspects of the standard relating to the identification of performance obligations, the assessment of principal versus agent and the accounting for licenses of intellectual property.

The amendment also provides transition relief for modified contracts and completed contracts.

IFRS 2 (Amendments) "Classification and measurement of Shared-based Payment transactions" (effective for annual periods beginning on or after 1/1/2018). The amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. Furthermore, an exception to the principles of IFRS 2 are introduced, that requires an award to be treated as if it is wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

IAS 40 (Amendments) "Transfers of Investment Property" (effective for annual periods beginning on or after 1/1/2018). The amendments clarified that in order to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets, or ceases to meet, the definition of investment property and any identified change must be supported by evidence.

IFRIC 22 "Foreign currency transactions and advance consideration" (effective for annual periods beginning on or after 1/1/2018). The interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Furthermore, the interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts.

IAS 28 "Investments in associates and Joint ventures" (effective for annual periods beginning on or after 1/1/2018). The amendments clarify that when venture capital organisations, mutual funds, unit trusts and similar entities elect to measure their investments in associates or joint ventures at fair value through profit or loss ("FVTPL"), this election should be made separately for each associate or joint venture at initial recognition**.**

IFRS 1 "First Time Adoption of International Financial Reporting Standards" (effective for annual periods beginning on or after 1/1/2018). The amendment deletes the paragraphs E3–E7 regarding the short-term exemptions.

The above group of amendments have no significant impact on the Group's and the Bank's financial statements.

New accounting standards, amendments and interpretations to existing standards effective after 2018.

The Group and the Bank have not early adopted the following new accounting standards, amendments and interpretations, however it is not expected any material impact on the Group and the Bank's financial statements.

New accounting standards effective after 2018

IFRS 16 "Leases" (effective for annual periods beginning on or after 1/1/2019). IFRS 16 has been issued in January 2016 and supersedes IAS 17 "Leases". IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective to ensure that lessees and lessors disclose relevant information in a manner that faithfully represents those transactions. The standard introduces a single lessee accounting model that requires recognizing the right-of-use of leased assets and financial lease liabilities for all leases with a lease term of more than 12 months, unless the underlying asset is of low value. Lessor accounting remains substantially unchanged compared to IAS 17. Accounting treatment for the lessees requires that, upon a lease commencement the lessee recognises a right-of-use asset and a relevant financial lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs, estimated cost for dismantling restoring asset and any payments less incentives before commencement date. Subsequently, the right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment, except for the leased investment properties for which the recognized asset is measured at fair value. Respectively, at the commencement date, the lease liability is measured at the present value of the lease payments payable at that date.

The Group and the Bank have not early adopted this standard and the assessment of the transition impact to IFRS 16 on their financial statements is presented in Note 55. The current operating lease commitments are set out in Note 43.

Amendments and interpretations

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

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

IAS 28 (Amendments) "Long-term interests in Associates and Joint Ventures" (effective for annual periods beginning on or after 1/1/2019). The amendment clarifies that companies account for long-term interests in an associate company or a joint venture -to which the equity method is not applied- using the IFRS 9.

IAS 19 (Amendments) "Employee benefits" (effective for annual periods beginning on or after 1/1/2019). The amendment clarifies that if a plan amendment, curtailment or settlements occurs, it is mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. Furthermore, the amendment clarifies the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

IFRS 3 (Amendment) "Business Combinations (effective for annual periods beginning on or after 1/1/2019). The amendment clarifies that when an entity obtains control of a business that is a joint operation, it remeasures previously held interest in that business.

IFRS 11 (Amendment) "Joint Arrangements" (effective for annual periods beginning on or after 1/1/2019). The amendment clarifies that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

IAS 12 (Amendment) "Income taxes" (effective for annual periods beginning on or after 1/1/2019). The amendment clarifies that all income tax consequences on dividends (i.e. distribution of profits) should be recognized where the transactions or events that generated distributable profits are recognized.

IAS 23 (Amendment) "Borrowing costs" (effective for annual periods beginning on or after 1/1/2019). The amendment clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

Amendments and interpretations to standards that have been issued by the International Accounting Standards Board but they have not yet been endorsed by the E.U., and therefore they have not been adopted by the Group and the Bank:

Conceptual Framework (Amendments) "Amendments to References to the Conceptual Framework in IFRS Standards" (effective for annual periods beginning on or after 1/1/2020). The new Conceptual Framework does not constitute a substantial revision of the document. The IASB focused on topics that were not yet covered or that showed obvious shortcomings that needed to be dealt with.

IAS 1 and IAS 8 (Amendments) "Definition of material" (effective for annual periods beginning on or after 1/1/2020). The amendment clarifies the definition of "material" and aligns the definition used in the Conceptual Framework and the standards themselves.

IFRS 3 (Amendment) "Business Combinations (effective for annual periods beginning on or after 1/1/2020). The amendment aims at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets.

2.2 Accounting policies followed in preparing the financial statements of the year 2018

2.2.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Bank, its subsidiaries, its associates and joint ventures.

2.2.1.1 Investments in Subsidiaries

Subsidiaries are all entities over which the Group has control directly or indirectly through other Group subsidiaries. According to the Group's policy, the Group controls an entity when it has all of the following:

(a) power over the subsidiary,

(b) exposure or rights to variable returns from its involvement to the subsidiary and

(c) the ability to use its power over the subsidiary, in order to affect the amount of the Bank's returns.

In order to assess the existence of power over the investee the Group takes into account the voting rights, the potential voting rights, as well as any agreement (i.e. concession of management) between the Group and the investee or the Group and third parties which hold rights of the investee, as well as any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activity at the time that decisions need to be made. The aforementioned rights are taken into account only when they are substantive, i.e. only when the Group has the practical ability to exercise them. Additionally, these rights should give the Group the ability to direct the relevant activities of the investee, i.e. the activities that mainly affect its returns.

In addition to the above, necessary conditions for the existence of control over the investee, is the Group's exposure to variable returns (dividends, capital profit, performance fee) from its participation to the entity, as well as the ability of the Group to use its power over the investee to direct the activities, which significantly affect its returns.

It is noted that the assessment for existence of control of structured entities is the same as for the other entities, as described above.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and they are de-consolidated from the date that control ceases. The Group reassesses consolidation status at least at each reporting date.

Non-controlling interests are measured on the date of acquisition either at their proportionate interest in their identifiable assets or at fair value.

In case of a bargain purchase, that is when the aggregate of the consideration is less than the fair value of the net identifiable assets, the Group recognizes the resulting gain in the Consolidated Income Statement on the acquisition date.

Acquisition related costs are the costs the acquirer incurs to effect a business combination. These costs may include advisory, legal, accounting, valuation, other professional or consulting fees, costs of registering and issuing debt and equity securities. The aforementioned costs are accounted for as expenses in the periods in which the costs are incurred and the services are received, with the exception of costs for issuing debt and equity securities which are accounted for according to the provisions of IAS 32 and IFRS 9 respectively.

When control is lost, any investment retained by the Group in the former subsidiary shall be accounted for in accordance with applicable IFRSs from the date which control is lost. The fair value of the investment retained in the former subsidiary at the date when control is lost is regarded as the fair value determined on initial recognition of a financial asset in accordance with IFRS 9. The Group also discloses the gain or loss attributable to the recognition of an investment at its fair value.

Intercompany transactions, intercompany balances as well as gains/ losses on transactions between Group companies, are eliminated in full on consolidation.

Assets held in an agency or fiduciary capacity are not controlled by the Group and are not included in the Statement of Financial Position.

The Group subsidiaries follow the same accounting policies adopted by the Group, in the context of the reporting of their financial data for consolidation purposes.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). Any difference between the amount by which minority interest is adjusted and the fair value of the consideration paid or received, is recognised directly in equity attributable to shareholders.

However, when these transactions result in loss of control of a subsidiary, the Group recognises a gain or loss on disposal in the Consolidated Income Statement.

2.2.1.2 Investments in associates and joint ventures

Associates are all entities over which the Group has significant influence (according to IAS 28) but not a controlling interest. Significant influence is generally presumed when the Group holds more than 20% of the voting rights, unless it can be clearly demonstrated that this not the case. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether the Group has significant influence.

A joint venture is a joint arrangement whereby the parties that have the joint control of the arrangement have rights to the net assets of the arrangement.

Investments in associates and joint ventures are consolidated using the equity method of accounting. Associates and joint ventures are initially recognised in the Statement of Financial Position at cost and the carrying amount is increased or decreased to recognize the Group's share of profit or loss of the investee after the date of acquisition. They represent the fair value of the Group's share in the associates' and joint ventures' net assets, which includes goodwill identified on acquisition (net of any accumulated impairment loss). The Group assesses, at each reporting date, whether trigger for impairment exists for an investment in associate and joint venture. If any such trigger exists, then an impairment test is performed by comparing the investment's recoverable amount with its carrying amount. Where the carrying amount of the investment exceeds its recoverable amount, then the carrying amount is written down to its recoverable amount.

The impairment loss recognized in prior years is only reversed if there has been a change in the estimates used to determine the investment's recoverable amount since the last impairment loss was recognized. If this is the case the carrying amount of the investment is increased to its higher recoverable amount and that increase is a reversal of an impairment loss.

The Group's share of its associates' and joint ventures' post acquisition financial results is recognised in the Consolidated Income Statement, and the share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment in associates and joint ventures. When the Group's share of losses in an associate and joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred relevant obligations or made payments on behalf of the associate and joint venture.

Significant profits and losses from ''upstream'' and ''downstream'' transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates and joint ventures.

In the context of the reporting of their financial data for consolidation purposes, associates' and joint ventures' accounting policies have been changed where necessary and practicable to conform to the accounting policies adopted by the Group.

Gains and losses arising on partial disposals of investments in associates are recognised in the Consolidated Income Statement of the period. On loss of significant influence of an associate, the Group measures at fair value any retained investment. The difference between the carrying amount of the investment and its fair value at the date of loss of significant influence shall be recognized in profit or loss. The fair value of the investment when it ceases to be an associate shall be regarded as its fair value determined on initial recognition as a financial asset with IFRS 9.

2.2.2 Foreign Currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in euro which is the Bank's functional currency and the Group's and the Bank's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement. Non-monetary items in foreign currencies, except for those valued at fair values which translated using the exchange rates at the date when the fair value was measured, are measured in terms of historical cost and are translated into the functional currency using the exchange rate at the date of the transaction.

(c) Group companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation as follows: profit and loss items are translated into euro according to the average year exchange rates of the measurement currencies against the euro, while assets and liabilities of the foreign subsidiaries are translated according to the exchange rate prevailing on the balance sheet date of the Consolidated Financial Statements. The net assets of the foreign subsidiary are translated into euro according to the historical rate.

Exchange differences resulting from the translation into euro of the foreign subsidiaries financial statements, such as differences arising from translating income and expenses at average rates for the period and assets and liabilities at closing rates as well as differences arising from the translation of opening net assets at a closing rate that differs from the previous closing rate, are transferred directly to equity in the currency translation reserve.

The net investment in Group subsidiaries includes, apart from capital contributions, any loans granted by the Group, provided that there is no intent of immediate settlement for these loans and that it is reasonably expected that these loans will be continuously rolled over (in case of short-term debt) or renewed at maturity (in the case of long-term debt). On consolidation, exchange differences arising from the translation into euro of the net investment in foreign entities are recorded in shareholders' equity. When a foreign subsidiary is sold, such exchange differences are recognised in the Consolidated Income Statement as part of the gain or loss on sale. On disposal of the net investment in subsidiaries or the settlement of any loans included in net investment, the related exchange differences are recognized in the Consolidated Income Statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated into the presentation currency at the date of the consolidated financial statements based on the respective exchange rate of the reporting date.

2.2.3 Derivative financial instruments and hedge accounting

Derivative financial instruments

The Group and the Bank hold derivative financial instruments both for profit-making within the approved limits set by its competent units, hedging purposes as well as the service of its clients' needs. Derivative financial instruments, in which the Group and the Bank are involved, mainly include currency and interest rate swaps, forward rate agreements, futures and options.

Swaps are contractual agreements between two parties (over the counter) to exchange cash flows due to movements in interest rates, foreign exchange, equity indices, commodity prices. In the case of credit default swaps, it is agreed to exchange payments based on the nominal value of credit instruments (i.e. bonds or loans), that are the underlying instruments of the agreements in this category, when defined credit events take place.

FX forwards are contractual agreements between two parties (over the counter) to purchase a currency against another. Interest rate swaps are contractual agreements to exchange interest rate cash flows at a specified price and date in the future.

Futures are contractual obligations to receive or pay a net amount based on changes in the price or the rate of the underlying financial instrument. Futures are transacted in standardized amounts on regulated exchanges and are subject to daily cash margin requirements.

Options are contractual agreements that convey the right but not the obligation for the purchaser to buy or sell a specified amount of a financial instrument or a currency, at a fixed price or rate, at a future date. Options can be either exchange traded or over the counter (‘OTC”).

The notional amounts of derivative financial instruments do not necessarily indicate the amounts of future cash flows involved or the current fair value of the underlying instruments and therefore do not necessarily indicate the Group’s and the Bank’s exposure to credit, market or liquidity risk. The notional amount is the amount of the derivative’s underlying instrument and is the basis for the measurement of derivative fair values. Fair value changes are determined by fluctuations in the price or the rate of the underlying instrument and reflect the amount to be paid (liability) or received (asset).

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into (trade date) and are subsequently remeasured at fair values on a daily basis. At initiation, the fair value is usually small or nil. Fair values are obtained from quoted market prices in active markets and valuation models, where market prices are not available.

In particular, the fair value of the derivative financial instruments that are traded OTC is determined using valuation models. These valuation models take additionally into account the credit risk of the counterparty (Credit Valuation Adjustment “CVA”), against which the Group and the Bank have an open position, as well as own credit risk (Debit Valuation Adjustment “DVA”). The assessment of CVA/DVA mainly depends on the existence of collateral between counterparties (CSA agreement).

Changes in the fair values of derivative financial instruments are included in “Net income from financial instruments designated at fair value through profit or loss”. Derivatives are presented in assets when fair value is positive and in liabilities when fair value is negative.

The interest income or interest expense from interest rate swaps, FX forwards and currency swaps are recorded in the interest and similar income or interest expense and similar charges, respectively.

IFRS 9 precludes the separation of any embedded derivatives from a hybrid contract when the host contract is a financial asset within its scope. In this case, the entire hybrid financial asset is classified into one of the IFRS 9 measurement categories.

Hedge accounting

Even though the Group and the Bank don’t currently apply hedge accounting, they have adopted a hedge accounting policy aligned with the requirements of the revised IAS 39 as permitted by the IFRS 9. The following, according to the requirements of the revised IAS 39, must be met in order for a hedge relationship to qualify for hedge accounting:

- The hedge should be highly effective at inception, prospectively and retrospectively.
- Ability to calculate the hedge effectiveness. The hedge effectiveness should be between 80% -125% at all times and is calculated in all cases; even when the terms of the hedging instrument and the hedged item are matched.
- Detailed documentation must be in place for all recognised hedging relationships (hedging instrument, hedged item, hedge effectiveness, hedging strategy and scope of hedging relationship).

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group and the Bank designate certain derivatives as either: a) hedges of the fair value of recognised assets or liabilities or, b) hedges of highly probable future cash flows attributable to a recognised asset or liability. Certain derivative instruments do not qualify for hedge accounting.

The Group and the Bank document, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as the risk management objective and strategy for undertaking various hedge transactions. The Group and the Bank also assess at hedge inception, prospectively and on an ongoing basis the hedge effectiveness of the hedging transaction.

The hedging transactions are classified to the following categories:

(i) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used, is amortised to profit or loss over the period to maturity. The amortization is based on the recalculated effective interest rate (“EIR”) at the date the amortisation commences. The unamortized adjustment to the carrying amount of a hedged equity security is recorded in profit and loss accounts at its disposal.

(ii) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement. Amounts accumulated in equity are recycled to the Income Statement in the periods during which the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any accumulated gain or loss in equity at that time remains in equity and is recognised when the expected transaction is ultimately recognised in the Income Statement. When a future transaction is no longer expected to occur, the accumulated gain or loss in equity is directly transferred to the Income Statement.

(iii) Net investment hedges

Hedges of net investments in foreign subsidiaries are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain or loss relating to the ineffective portion is recognised immediately in the Income Statement. Gains and losses accumulated in equity are included in the Income Statement when the foreign subsidiary is disposed of.

2.2.4 Recognition of deferred day one profit or loss

The best evidence of fair value at initial recognition of a financial instrument is the transaction price (i.e. the fair value of the consideration paid or received as determined in accordance with IFRS 13), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions for the same instrument or based on a valuation technique whose variables include only data from observable markets.

The Group and the Bank enter into transactions where fair value is determined using valuation models including variables not all of which arise from observable market prices. Such a financial instrument is initially recognised at the transaction price, which is the best indicator of fair value, although the value obtained from the relevant valuation model may differ. The initial difference between the transaction price and the model value, commonly referred to as “day one profit and loss’’, is not recognised directly in the Income Statement.

The timing of recognition of "deferred day one profit and loss" is determined individually. It is either amortised over the life of the financial instrument, deferred until the instrument's fair value can be determined using market inputs, or realised through settlement. The financial instrument is subsequently measured at fair value, adjusted for the "deferred day one profit or loss". Subsequent changes in fair value are recognised immediately in the Income Statement without reversal of "deferred day one profits or losses".

2.2.5 Interest income and expense

Interest income on a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the Bank and the amount can be measured reliably.

Interest income and expense is recognised on an accrual basis in the Income Statement for all interest bearing balance sheet items applying the effective interest rate method.

In particular, the following apply for financial assets:

- For those financial assets classified within Stage 1 or Stage 2, interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset.
- For those financial assets classified within Stage 3, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.
- For purchased or originated credit impaired financial assets interest income is calculated similar to the Stage 3 loans and by applying the credit adjusted effective interest rate of the financial asset.

Fees income/expense, relating to financial instruments at amortised cost, such as loans and advances to customers, are deferred and recognised in the Income Statement as interest income or expense throughout the life of the instrument using the effective interest rate method.

The effective interest rate discounts any estimated future payment or proceeds throughout the life of a financial instrument or until the next date of interest reset, in order for the present value of all future cash flows to be equal to the carrying amount of the financial instrument, including any fees or transaction costs incurred.

2.2.6 Fees and commission income and expense

To recognise fees and commission income/expense under IFRS 15, the Group and the Bank apply the following five step model to all contracts with customers, except for financial leasing, financial instruments in scope of IFRS 9 and insurance contracts that are out of scope of IFRS 15:

- Identification of the contract(s) with a customer,
- Identification of the performance obligations in the contract,
- Determination of the transaction price,
- Allocation of the transaction price to the performance obligations and
- Recognition of revenue when the performance obligation is satisfied.

As such, the Group and the Bank recognise revenue when a performance obligation is satisfied, that is when control of the services or goods is transferred to the customer. In cases where the Group and the Bank satisfy a performance obligation that relates to the arrangement for the provision of a service by another party, then the expense of the relevant performance obligation is recognised as a reduction of the transaction price for the provision of the service.

Fees and commission income/expense are recognised on an accrual basis when the relevant services are provided. For instance, fee income on asset management services and on real estate management services is recognised as the service is being provided to the customer.

Loan syndication fees are recognised as income when the syndication has been completed and the Group and the Bank retain no part on the loan package for itself or retains part at the same effective interest rate as well as the other participants. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Fees on the execution of transactions (i.e. currency exchange transactions, customers' trading in securities, etc.) are recognised on the completion of the transaction.

2.2.7 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.2.8 Financial assets at fair value through profit or loss ("FVTPL") or mandatorily at FVTPL and Loans and Advances to Customers mandatorily at FVTPL

Financial assets at FVTPL

Financial assets measured at FVTPL are all financial assets that do not meet the criteria of being measured at either amortised cost or fair value through other comprehensive income ("FVTOCI"). The changes in fair value of such financial assets are recognised in the Income Statement.

In addition, Management in certain circumstances may designate a financial asset as measured at FVTPL at initial recognition that would otherwise be measured at amortised cost or at fair value through other comprehensive income. Such an election is irrevocable and can only be made if it eliminates or significantly reduces an accounting mismatch from measuring such financial assets or liabilities or recognizing the gains and losses on these financial assets on a different basis.

Financial assets mandatorily at FVTPL

Equity instruments are measured mandatorily at FVTPL unless the Group and the Bank irrevocably elects to measure at FVOCI (please refer to Note 2.2.10).

Debt securities measured mandatorily at FVTPL are exposures for which the contractual terms do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI Fail).

Loans and advances to customers mandatorily at FVTPL

Loans and advances to customers mandatorily at FVTPL are credit exposures for which the contractual terms do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI Fail).

2.2.9 Sale and repurchase agreements and securities lending

Securities sold subject to repurchase agreements (repos) are reclassified in the financial statements as pledged assets when the transferee has the right by contract to sell or repledge the collateral; the counterparty liability is included in amounts "Due to credit institutions" or "Due to customers", as appropriate.

Securities purchased under agreements to resell (reverse repos) are recorded as "Reverse repos with customers". "Reverse repos with customers" are carried at amortised cost using the effective interest rate method.

The difference between sale and purchase price of the aforementioned securities is treated as interest and accrued over the life of the agreements using the effective interest method.

Securities transferred to counterparties by the Group and the Bank are presented in the Statement of Financial Position as assets, in the case that the Group and the Bank retain substantially all the risks and rewards of ownership of these securities.

Securities transferred to the Group and the Bank by counterparties are not recognized in the Statement of Financial Position, except in the case of counterparty's bankruptcy. If the securities are sold to a third party, the Group recognises the consideration received as well as the corresponding obligation to return the securities, at fair value in the Statement of Financial Position.

2.2.10 Investment Securities measured at fair value through other comprehensive income ("FVTOCI")

Debt securities

A financial asset is measured at FVTOCI if both of the following conditions are met:

- The asset is held within a business model in which assets are managed to achieve a particular objective by both collecting contractual cash flows and selling assets (Hold to Collect and Sell) and
- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A Hold to Collect and Sell ("HTC&S") business model applies when the Bank has made a decision that both collecting contractual cash flows and selling financial assets are integral to achieving the objective of the business model. In order to determine whether this is so, Management considers:

- If the business model will typically involve greater frequency and value of sales than a Hold to Collect ("HTC") model,
- If there are various objectives that may be consistent with this type of business model, such as to:
  - manage everyday liquidity needs,
  - maintain a particular interest yield profile, or
  - match the duration of the financial assets to the duration of the financial liabilities that those assets are funding.

The financial assets, after initial recognition, are measured at FVTOCI with any fair valuation gains/losses recorded directly in other comprehensive income. In the Income Statement, the Group and the Bank recognizes interest income using the effective interest rate method, the impairment losses and the foreign exchange gains and losses. On the date of derecognition or reclassification (when and only when there is a change in the business model) to the FVTPL category, the cumulative fair value gains/losses of debt securities are reclassified from equity to the profit or loss as a reclassification adjustment.

Equity instruments

At initial recognition, the Group and the Bank may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies. This election is made on an "one to one" basis.

Furthermore, for equity instruments, in contrast to the FVTOCI debt instruments:

- accumulated gains and losses recognised in other comprehensive income are not subsequently reclassified to the Income Statement, but may be reclassified within equity (to the retained earnings),
- equity instruments are not subject to any impairment.

Only dividend income on such equity instruments is recognised in the Income Statement, unless the dividend clearly represents a recovery of part of the cost of the investment, Dividends are recognized in profit or loss only when:

a) the Group's and the Bank's right to receive payment of the dividend is established;

b) it is probable that the economic benefits associated with the dividend will flow to the Group and the Bank; and

c) the amount of the dividend can be measured reliably.

All other gains and losses (including those relating to foreign exchange) are recognised in Other Comprehensive Income.

2.2.11 Reclassification of financial assets

In certain rare circumstances, when and only when, the Group and the Bank change its business model for managing financial assets, it should reclassify all affected financial assets in accordance with the new business model.

The Group and the Bank should reassess their business models at each reporting period in order to determine whether they have changed since the preceding period. As an example, an increased level of sales of assets within a portfolio that was assessed as "Hold to Collect" may indicate that the business model has evolved and that it would be inappropriate to classify future additions to the portfolio in the same way. As discussed above, this does not however mean that the remaining assets within the portfolio need to be reclassified. Reclassification would only be required if the provisions of IFRS 9 regarding reclassification of financial assets are met.

The reclassification should be applied prospectively from the "reclassification date", which is defined as "the first day of the first reporting period following the change in business model that results in the Group and the Bank reclassifying financial assets". This does not give rise to a prior period error in the Financial Statements (as defined in IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors") nor does it change the classification of the remaining financial assets held in that business model (i.e., those financial assets that the Group and the Bank recognised in prior periods and still holds), as long as the Group and the Bank have considered all relevant information that was available at the time that they made the business model assessment. Accordingly, any previously recognised gains, losses (including impairment losses) or interest should not be restated.

Changes in the Group's and the Bank's HTC Business Model for managing the loan portfolio are expected to be very infrequent. Any such change should be significant to the Group's and the Bank's operations and must be approved by Management. Accordingly, a change in the objective of the Group and the Bank's Business Model will occur only when the Group and the Bank either begin or cease to carry on an activity that is significant to their operations such as the acquisition or disposal of a business segment.

If the Group and the Bank reclassify a financial asset from the amortised cost measurement category to the FVTPL or FVTOCI measurement category, its fair value is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortised cost of the financial asset and fair value is recognised in the Income Statement for FVTPL and in the Statement of Total Comprehensive Income for FVTOCI.

For reclassifications to FVTOCI measurement category, the effective interest rate and the measurement of Expected Credit Losses are not adjusted as a result of the reclassification. However, the loss allowance would be derecognised and instead would be recognized as an accumulated impairment amount in other comprehensive income.

If the Group and the Bank reclassify a financial asset from the FVTPL measurement category and into the amortised cost measurement category, its fair value at the reclassification date becomes its new gross carrying amount. The date of the reclassification is the date of initial recognition for impairment calculation purposes and the date for the effective interest rate calculation of the financial asset.

If the Group and the Bank reclassify a financial asset from the FVTPL measurement category and into the FVTOCI measurement category, the financial asset continues to be measured at fair value. At the reclassification date, the effective interest rate of the asset is calculated while the date of the reclassification is the date of initial recognition for impairment calculation purposes.

If a financial asset is reclassified from FVTOCI measurement category and into the amortised cost measurement category, the asset is reclassified at its fair value at the measurement date. However, the cumulative gain or loss previously recognized in other comprehensive income is reversed and adjusted against the fair value of the financial asset at the reclassification date. As a result, the financial asset is measured at the reclassification date as if it had always been measured at amortised cost. This reversal affects other comprehensive income but does not affect profit or loss and therefore is not a reclassification adjustment under IAS 1. The effective interest rate and the calculation of Expected Credit Losses are not affected. The loss allowance is recognised as an adjustment to the gross carrying amount of the financial asset from the reclassification date.

If the Group and the Bank reclassify a financial asset from FVTOCI into the FVTPL measurement category, the financial asset continues to be measured at fair value. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment (in accordance with IAS 1 “Presentation of Financial Statements”) at the reclassification date.

Reclassification of equity instruments are prohibited.

2.2.12 Loans and advances to customers at amortised cost

Loans and advances to customers include financial assets measured at amortised cost for which both of the following conditions are met:

i. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and

ii. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI pass).

Loans and advances to customers at amortised cost drawn down by the Group and the Bank are initially recognised at fair value (plus any transaction costs) and measured subsequently at amortised cost using the effective interest rate method. Interest on loans and advances to customers is included in the Income Statement and is reported as “Interest and similar income".

The Group and the Bank recognise an expected credit loss impairment on loans and advances to customers at amortised cost when it is estimated that it will not be in a position to receive all payments due, as defined by the contract of the loan. The amount of the ECL allowance for impairment on loans and advances to customers at amortised cost is the difference between all contractual cash flows that are due in accordance with the contract and all the cash flows that the entity expects to receive discounted at the original effective interest rate of the loan (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

At each reporting date, an impairment loss equal to 12-month expected credit losses (allocated to Stage 1) will be recognised for all financial assets for which there is no significant increase in credit risk since initial recognition. For financial assets

a. that there is a significant increase in credit risk since their initial recognition (allocated to Stage 2),
b. that are credit impaired (allocated to Stage 3) and
c. that are purchased or originated credit impaired "POCI", an impairment loss equal to lifetime expected credit losses will be recognized.

Default Definition

In Q4 2018 Management finalised required changes in order to apply the EBA NPE definition in the calculation of the ECL allowance. The Group and the Bank has aligned the definition of Stage 3 for financial reporting purposes with the NPE definition used for regulatory reporting. Thus in accordance with the Group and the Bank's Provisioning Policy a financial asset is considered as credit impaired and is classified into Stage 3 when it is classified as NPE[14].

The change in default definition is considered a change in estimate for accounting purposes and has been applied as at 31/12/2018.

The definition of default is assessed:

- On a facility level for Individuals and for Small businesses,
- On an obligor level for the rest of the portfolios.

The determination of a significant increase in credit risk takes into account many different factors and varies per portfolio type. The main criteria considered in making this determination are the following:

(1) Primary criteria
  - significant increase in the probability of default (PD) of the financial instrument at the reporting date compared to the one calculated at the initial recognition date, based on certain absolute (3% - 6.5%) and / or relative (200%) thresholds

(2) Secondary criteria
  - existence of forbearance
  - behavioral flags (monitoring the maximum delinquency bucket for the last 12 months)
  - existence of default event over the last 12 months based on the Defaulted exposures as the identification of the latter is based on the EBA NPE Default Definition

[14] (COMMISSION IMPLEMENTING REGULATION (EU) 2015/227- https://eurlex.europa.eu/legal-content/EL/TXT/PDF/?uri=CELEX:32015R0227&from=EL)

(3) Backstop

- o 30 days past due (30dpd) or more

Key Impairment Modeling Concepts

Expected Credit Loss ("ECL") is a function of the Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD") and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgment to reflect factors not captured in models.

The Bank considers as individually significant, facilities to Corporate and Individual customers that satisfy all of the following criteria:

- They are extended to borrowers whose total loan exposure at the period end reporting date exceeded the amount of € 1 million or the equivalent in foreign currency.
- They are allocated to Stage 3.

The result of the individual assessment is further adjusted by incorporating the effect of macroeconomic scenarios determined on the basis of the estimates of the collective projection models.

The collective impairment assessment is carried out on all loans classified in Stages 1 and 2 as well as Stage 3 provided that they have not been individually assessed. Loans and advances to customers at amortised cost are grouped on the basis of similar credit risk characteristics (i.e. arrears bucket, industry sector, business/product segment, and other relevant factors). These characteristics are indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement of the debtor's credit rating), the previously recognised impairment loss is reduced and the gain is recognised in the Income Statement.

Forborne loans are defined as exposures arising from loan agreements that have been subject to forbearance measures. The measures are considered as a concession of the Group and the Bank to a borrower who is facing or is about to face financial difficulties in fulfilling its financial obligations. Forbearance may involve modification of contractual terms and conditions and / or refinancing of debts.

Forborne loans are tested for impairment in accordance with the IFRS 9 Impairment policy for loans and advances to customers at amortised cost as described above.

2.2.13 Modification of financial assets and Derecognition of financial assets and financial liabilities

Modifications of financial assets

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with IFRS 9, the Group and the Bank recalculate the gross carrying amount of the financial asset and recognize a "modification gain or loss" in the profit or loss. The gross carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Derecognition of financial assets

A financial asset is derecognized when:

- the contractual rights to the cash flows from the asset expire, or
- the Group and the Bank transfer the financial asset and the transfer qualifies for derecognition.

The term "financial asset" is used to refer to either the whole, or a part, of a financial asset (or the whole or a part of a group of similar financial assets).

The contractual rights to the cash flows from that asset have expired when for example:

- a loan receivable is repaid;
- a purchased option expires unexercised.

The Group and the Bank transfer a financial asset if, and only if, it either:

- transfers the contractual rights to receive the cash flows of the financial asset; or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows on to one or more recipients.

If substantially all the risks and rewards of ownership of the financial asset are transferred, the financial asset must be derecognized and any rights and obligations created or retained in the transfer must be recognized separately as assets or liabilities.

It is a business practice, to proceed with restructuring of debt instruments particularly but not always when debtors are in financial difficulties. The restructuring is a modification to the terms of a loan or an exchange of one debt instrument issued by the borrower for another. If the contractual cash flows of a financial asset are renegotiated or otherwise modified, the Group and the Bank assess whether the rights over the cash flows have expired and thus the financial asset should be derecognized. The Group and the Bank have defined derecognition criteria such as: change of debtor, change of currency and consolidation of different types of contracts.

On derecognition of a financial asset in its entirety, the difference between:

- the carrying amount of the asset as at the date of the derecognition; and
- the consideration received (i.e. any new asset originated/received less any new liability assumed)

is recognised in the Income Statement as a "Derecognition gain or loss".

In addition, any cumulative gain or loss in respect of a FVTOCI debt instrument that is derecognised should be reclassified from equity to the Income Statement at the date of the derecognition. Conversely, cumulative gains or losses of FVTOCI equity instruments shall not be reclassified from equity to the Income Statement at the date of the derecognition.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

If an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or substantial modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Income Statement.

2.2.14 Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are recognised at cost net of any impairment losses.

The Group and the Bank assesses at each reporting date, whether trigger for impairment exists for an investment in subsidiary, associate or joint venture. Triggers of impairment are mainly the deterioration of the financial data of the entities, as well as the adverse developments in some countries and sectors of the Greek economy, in which subsidiary, associate entities and joint ventures operate. If any such trigger exists, then an impairment test is performed by comparing the investment's recoverable amount with its carrying amount. Where the carrying amount of the investment exceeds its recoverable amount, then the carrying amount is written down to its recoverable amount.

The impairment loss recognised in prior years is only reversed if there has been a change in the estimates used to determine the investment's recoverable amount since the last impairment loss was recognized. If this is the case the carrying amount of the investment is increased to its higher recoverable amount and that increase is a reversal of an impairment loss.

2.2.15 Intangible assets

2.2.15.1 Goodwill

For business combinations, goodwill is measured as the difference of (a) and (b) below:

(a) The aggregate of:

  i. the consideration transferred measured at fair value and the amount of any non-controlling interest in the acquiree; and

  ii. in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.

(b) The net of the acquisition-date amounts of the identifiable assets and the liabilities assumed measured at their acquisition date fair values.

In case of a bargain purchase, that is when the aggregate of the consideration as defined in (a) above is less than the fair value of the net identifiable assets as defined in (b) above, the Group recognizes the resulting gain in the Income Statement on the acquisition date. Before however recognising a gain on a bargain purchase, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognises any additional assets or liabilities that are identified in that review.

Goodwill on business combinations is recognised initially at cost as an intangible asset and subsequently it is measured at cost less accumulated impairment. Gains and losses on the loss of control of a subsidiary include the carrying amount of goodwill relating to the subsidiary sold.

For the purpose of impairment testing, goodwill on a business combination is allocated, to the Cash Generation Units ("CGUs") of the acquired subsidiary according to the business segments presented in Note 5. When an impairment loss is recognised for a CGU, this loss first reduces the carrying amount of goodwill allocated to this cash generating unit and subsequently reduces pro rata the carrying value of the assets in that cash generating unit. An impairment loss recognized for goodwill is not reversed in a subsequent period, according to the requirements of IAS 36 "Impairment of Assets".

2.2.15.2 Software

Costs associated with the acquisition of software programs, which will probably generate economic benefits to the Group and the Bank for more than one year, are recognised as intangible assets. Expenditure that enhances or extends the performance of computer software programmes beyond their original specifications or software upgrade expenses are added to the original cost of the software, as long as they can be measured reliably.

Subsequent to initial recognition, software is measured at cost less accumulated amortisation and accumulated impairment loss. Software is amortised over at least 3 years on a straight line basis and its useful life is examined on an annual basis.

At the end of each reporting period, the Group and the Bank review the carrying amounts of computer software to determine whether there is any indication of impairment, i.e. whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Whenever the recoverable amount is less than the carrying amount, software is impaired to its recoverable amount.

Costs associated with maintaining the performance of the computer software programmes are recognised as an expense in the profit or loss as incurred.

Software is derecognised when:

(a) it is disposed, or

(b) when no future economic benefits are expected from use or disposal of the software.

The gain/loss on the disposal of software is defined as the difference between the net proceeds of the sale, if any, and the net book value of the software.

2.2.15.3 Other intangible assets

Other intangible assets are initially recognised at cost when it is expected that future economic benefits will be realised from their use. The cost of the intangible asset also includes every directly attributable cost which is required for the full implementation, production and asset's proper operation. Some examples of directly attributable costs are:

- The staff cost which is directly identified and attributed to the development of a particular intangible asset,
- Payments to outside vendors and collaborators, which are attributed to the intangible asset.

Other intangible assets also include intangible assets recognised through the purchase price allocation exercise for acquisitions of subsidiaries. Other intangible assets can include customer relationships, branch network, trademarks.

Subsequent to initial recognition, other intangible assets are measured at cost less accumulated amortisation and accumulated impairment loss. These assets are amortised in a period of 5-10 years, depending on the useful life of each asset, on a straight line basis. The useful life of other intangible assets is reviewed by the Group and the Bank annually.

At the end of each reporting period, the Group and the Bank review the carrying amounts of other intangible assets to determine whether there is any indication of impairment i.e. whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Whenever the recoverable amount is less than their carrying amount, other intangible assets are impaired to their recoverable amount.

Other intangible assets are derecognised when:

(a) they are disposed, or

(b) when no future economic benefits are expected from their use or disposal.

The gain/loss on disposal of the intangible asset is defined as the difference between the net proceeds of the sale, if any, and the net book value of the intangible asset.

2.2.16 Property and equipment

The Group and the Bank hold property and equipment for use in the supply of services or for administrative purposes. Property and equipment includes: land, own-use buildings, leasehold improvements, furniture and other equipment, and transportation means.

Property and equipment are measured at historical cost less accumulated depreciation and accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items. At the end of each reporting period, the Group and the Bank review the carrying amounts of property and equipment to determine whether there is any indication of impairment, i.e. whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and the value in use.

The Group and the Bank apply IAS 23 ''Borrowing costs'', according to which borrowing costs are capitalised as part of the cost of a qualifying asset, as long as the requirements of IAS 23 are fulfilled. Specifically, the requirements of IAS 23 are the following: a) the borrowing costs should be directly attributable to the acquisition, construction or production of a qualifying asset and b) the borrowing costs would have been avoided if the expenditure on the qualifying asset had not been made.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they incur.

Depreciation on property and equipment is calculated using the straight-line method based on the estimated useful lives and taking into account their residual values. The Group and the Bank conduct an assessment of the estimate for the useful lives and the residual values of the property and equipment on an annual basis.

Depreciation of property and equipment begins when it is available for use and ceases when it is derecognised. In the case where the asset is idle or retired from active use, it continues to be depreciated until it has been fully depreciated. The useful lives per fixed asset category is as follows:

Computer hardware	3-5 years
Leasehold improvements	the shorter of useful life and lease term
Furniture and other equipment	5-10 years
Means of transportation	6-9 years
Own-use buildings	25-40 years
Land	is not depreciated

An own-occupied property is derecognised and its carrying amount is written-off, according to the provisions of IAS 16, upon disposal or when no future economic benefits are expected to flow to the Group and the Bank. Property may be disposed through sale or lease agreement (as lessor) or donation. The gain or loss on disposal of own-occupied property is defined as the difference between the sale price (less cost to sell) and the carrying value of the property as at the date of the disposal. Such gain or loss is recognised in the Income Statement.

2.2.17 Investment property

Property that is held for long-term rental yields or for capital appreciation is recognised as investment property in the Group and Bank's Statement of Financial Position. Investment property includes freehold land, freehold buildings or parts of buildings, land and buildings held under operating lease as well as buildings held under finance lease.

A property interest that is held by the Group and the Bank as a lessee under a finance lease it is classified and accounted for as investment property if and only if the definition of investment property is met according to IAS 17 "Leases".

Investment property is initially recognised at cost including related transaction costs.

After initial recognition, investment property is carried at fair value, as this is assessed by independent valuers. Fair value is based on active market prices or is adjusted, if necessary, for any difference in the nature, location and condition of the specific asset. Additionally, according to IFRS 13 "Fair Value Measurement", fair value measurement shall take into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The following valuation methods are used:

i. Comparative Method. According to this method, the valuation will be based on the conclusions drawn from research and collecting comparative data of property having the greatest similarity features with the estimated property.
ii. Income Approach. This method calculates the fair value of each property based on the capitalized value of the present lease.
iii. Cost Approach. This method calculates the fair value of each property based on the cost of replacement of each property or its exploitation.
iv. Mass Appraisal. The purpose of this method is to calculate the current commercial value of property with the use of econometric and spatial econometric techniques.
v. Residual Method. This method is based on the highest price a willing buyer would pay for a plot of land, in order to use it and then operate it.

The above - mentioned valuation methods are used by independent valuers in the context of the fair valuation of investment property. The fair value of investment property that is not estimated by valuers, is determined using a methodology based on valuations that have been carried out.

Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value. Fair values of investment properties reflect current lease income, as well as assumptions for future leases, taking into account current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land and buildings classified as investment property. Pursuant to the provisions of IAS 40 “Investment Property”, subsequent expenses are recognised in the carrying amount of the property only when it is probable that future economic benefits associated with the property will flow to the Group and the Bank and its cost can be measured reliably. Improvement and maintenance costs are recognised in the Income Statement during the year in which they incur.

Changes in fair value are recognised in the Income Statement.

If an investment property becomes owner-occupied, it is reclassified as property and equipment and its fair value at the date of reclassification becomes its new deemed cost.

Property that is being constructed or developed for future use as investment property is classified as property and equipment and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

An investment property is derecognised from the Statement of Financial Position upon disposal. An investment property may be disposed of through a sale or lease agreement. Gains or losses arising from investment property withdrawal or disposal is calculated as the difference between the net disposal proceeds and the carrying amount of the investment property on the date of the disposal. Such difference is recognised in the Income Statement.

2.2.18 Non current assets Held for Sale (“HFS”) and Discontinued operations

The Group and the Bank classifies a non current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the following conditions must be met:

a) the non-current asset must be available for immediate sale at its present condition,

b) its sale is highly probable,

c) the appropriate level of management is committed to a plan to sell,

d) an active programme to locate a buyer and complete the plan has been initiated,

e) the non-current asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value, and

f) the sale of the non-current asset must qualify as a completed sale within 12 months from the date of classification in the HFS category.

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets held for sale are not depreciated. Gains/ losses from sale of these assets are recognised in the Income Statement.

A discontinued operation of the Group and the Bank, refers to a clearly distinguished business operation of the Group and the Bank that either has been disposed of or is classified as held for sale and:

- represents a separate major line of business or geographical area of operations,
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or

- is a subsidiary acquired exclusively with a view to resale.

Assets and liabilities from discontinued operations are presented in a separate line in the Statement of Financial Position and are not offset. Similarly, profit or loss after tax from discontinued operations is also presented in separate line in the Income Statement.

2.2.19 Inventories property

Inventory property includes land and buildings acquired by the Group and the Bank through auctions for the full or partial recovery of its receivables. These properties are included in "Other Assets" in the Statement of Financial Position.

Inventories property include land and buildings acquired that do not meet the requirements of IAS 40, as well as property owned by the Group's subsidiaries that are sold in the context of their normal course of business. Inventories property are accounted for according to IAS 2 "Inventories" and are measured at the lower of cost and net realisable value. The cost of the inventories property is determined using the weighted average cost method. The net realisable value is the estimated selling price, less any expenses necessary to conclude the sale.

Inventories property are derecognised from the Statement of Financial Position at their disposal. The gain/loss resulting from the disposal of the inventories property is determined as the difference between the net realisable value less cost to sell and the carrying amount of the property. The difference is recognized in the Income Statement.

2.2.20 Leases

A. The Group is the Lessee

Operating leases

Leases of tangible assets under which the lessor retains a significant portion of risks and rewards related to the leased assets, are recognised as operating leases. The Group does not recognise the leased asset in its Statement of Financial Position.

Lease payments under an operating lease, are recognised as an expense in the Income Statement of the lessee on a straight line basis over the lease term.

Finance leases

Leases where the Group has substantially all the risks and rewards related to the tangible asset are recognised as finance leases.

In case that the Group is the lessee under a finance lease, tangible assets are recognised as assets (in the respective category) and the respective obligation for the lease payments to the lessor as a liability on the Statement of Financial Position.

At the inception of the lease, leased tangible assets are recognised on the Statement of Financial Position at amounts equal to the fair value of the leased property or, if lower, at the present value of the future lease payments. Own use leased assets are depreciated over their useful life, if it is longer than the lease term, only if it is expected that the ownership of the leased assets will pass to the Group at the end of the lease term. Finance lease payments are apportioned between the capital element and the finance charge. The capital element is used as a reduction of the outstanding liability and the finance charge at the Income Statement is allocated to periods during the lease term.

B. The Group is the Lessor

Operating leases

In case that the Group or the Bank is the lessor under an operating lease, the leased assets are stated and carried in the Statement of Financial Position like the other –non leased assets- of similar nature. Lease income of the Group or the Bank is recognised over the term of the lease.

Finance leases

In case that the Group or the Bank is the lessor under a finance lease, the present value of the lease payments is recognised as a receivable in the Statement of Financial Position. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Rental receipts are separated and reduce the balance of the lease receivable, while the respective interest income is recognised in the Income Statement on an accrual basis.

C. Sale and leaseback transactions

A sale and leaseback transaction involves the sale of an asset and the leasing back of the same asset. The accounting treatment of a sale and leaseback transaction depends upon the type of the lease involved.

If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount of the asset is not immediately recognized as income by the seller-lessee but is deferred and amortized over the lease term.

If a sale and leaseback transaction results in an operating lease and it is clear that the transaction is established at fair value, any profit or loss is recognized immediately. If the sale price of the asset is different than its fair value, any gain or loss is recognized immediately. Exceptions to the rule include cases where the future lease payments are differentiated. Hence, if the resulting loss is compensated by lower future lease payments compared to market prices, then the loss is amortised over the period the asset is expected to be used. If the sale price is above fair value, the excess over fair value (profit) is deferred and amortized over the period the asset is expected to be used.

2.2.21 Cash and cash equivalents

For the purpose of Cash Flow Statement, cash and cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition such as: cash, unrestricted cash and balances with Central Banks, trading securities and loans and advances to credit institutions. Mandatory reserves with the Central Bank are not available for everyday use by the Group and the Bank and therefore, these are not included in balances with less than three months maturity.

2.2.22 Provisions

A provision is recognised when:

a) the Group and the Bank have a present legal or constructive obligation as a result of past events,

b) it is probable, that an outflow of resources will be required to settle the obligation, and

c) the amount of the obligation can be reliably estimated.

If any of the aforementioned conditions are not met, no provision is recognised.

When there are a number of similar obligations, the probability that an outflow will be required in the settlement of these obligations, is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as expense in the Income Statement.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation as of the balance sheet date. The amount of the provisions raised is reassessed at each reporting date.

2.2.23 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss that incurs because a specified debtor failed to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are issued by banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the Financial Statements at fair value on the date the guarantee was given. Subsequent to initial recognition, the Group's and the Bank's liabilities under such guarantees are measured at the higher of: a) the initial measurement, less amortisation calculated to recognise in the Income Statement the accrued fee income earned on a straight line basis over the life of the guarantee and b) the amount of the provision determined through the expected credit loss calculation.

Any change in the liability relating to guarantees is recognised in the Income Statement, in the period in which it arises.

2.2.24 Employee benefits

A. Funded post employment benefit plans

The funded pension schemes operated by the Group and the Bank are financed through payments to grouped insurance contracts or social security funds. The Group's and the Bank's pension obligations relate both to defined contribution plans as well as defined benefit plans.

The Group and the Bank pay fixed contributions to Social Security Funds (state owned administered pension funds), grouped insurance contracts, and has no legal or constructive obligation to pay additional contributions, if the Funds or the insurance companies do not hold sufficient assets to pay all employees the related benefits. Thus, these schemes are classified as Defined Contribution plans. The regular employee's contributions constitute net periodic costs for the year in which they are due and as such, they are recognised in the Income Statement under "Staff costs".

Defined benefit plans are pension plans that define the level of benefits to be provided, usually as a function of one or more factors such as years of service, age and compensation.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the obligation at the balance sheet date less the fair value of the plan assets.

The defined benefit obligation is calculated annually by independent qualified actuaries using the projected unit credit method.

Actuarial gains and losses

Actuarial gains and losses are recognised directly to the equity of the Group and the Bank, when they arise. These actuarial gains and losses are not recycled to the Income Statement.

Past service costs

Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or curtailment. This cost is recognised directly to the Income Statement, when the plan amendment or curtailment occurs.

B. Non funded post-employment benefit plans

The Group and the Bank provide non-funded defined benefit plans to its employees on retirement. The requirements for full vesting of benefit entitlements usually include the fulfilment of the conditions for normal retirement or the completion of a minimum service period.

The expected costs of these benefits are accounted for using a methodology similar to that for funded defined benefit pension plans. These obligations are valued annually by independent qualified actuaries.

2.2.25 Income tax and deferred tax

Income tax

Income tax benefit/ (expense) represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit/(loss) before tax” as reported in the Income Statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Bank’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Statement of Financial Position and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group and the Bank are able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable will be available to allow all of part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Bank expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Management reviewed the Bank's investment property portfolios and concluded that none of the Bank's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, Management has determined that the "sale" presumption set out in the amendments to IAS 12 "Income Taxes" is not rebutted. As a result, the Group and the Bank have recognized deferred taxes on changes in fair value of the investment properties as the Bank is subject to income taxes on the fair value changes of the investment properties on disposal.

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.2.26 Debt securities in issue, hybrid capital and other borrowed funds

Initial recognition

The liabilities from the issuance of the debt securities, hybrid capital and other borrowed funds are recognised initially at fair value, net of incurred issuance costs.

Subsequent measurement

After initial recognition, the debt securities and hybrid capital are subsequently accounted at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the securities using the effective interest rate method. The Group's and the Bank's debt securities and borrowed funds include: euro medium term note ("EMTN"), securitisations of loans and advances to customers at amortised cost, hybrid capital and subordinated loans.

If the Group and the Bank purchases its own debt securities issued, these are removed from the Statement of Financial Position, and the difference between the carrying amount of the liability and the consideration paid is included in the Income Statement.

2.2.27 Other financial liabilities measured at amortised cost

Other financial liabilities such as deposits from banks and from customers are measured at fair value upon initial recognition and subsequently are measured at amortised cost.

2.2.28 Securitisation

The Group and the Bank securitises financial assets. These assets are purchased by special purpose entities which in turn issue bonds to investors. The Group consolidates special purpose entities when it controls these entities or holds main part of their risks. In such case, the bonds issued under the securitisation of financial assets are presented in the Statement of Financial Position at their amortized cost, unless the securities issued are own-occupied.

2.2.29 Share capital

Incremental costs directly attributable to the issue of share capital decrease equity.

Dividends on ordinary shares are recognized as a liability during the period in which they are approved by the Annual General Meeting of the Bank's Shareholders. Interim dividends are recognised as a deduction in the Bank's equity when approved by the Board of Directors.

The cost of acquisition of treasury shares (including any attributable incremental transaction costs) is presented as a reduction in equity, until the treasury shares are cancelled or disposed of. The gains or losses from the sale of treasury shares are included directly in equity.

The number of treasury shares held by the Group does not reduce the number of shares issued. Treasury shares held by the Bank are not eligible to receive cash dividends. The relevant provisions according to which purchase of treasury shares is not allowed are referred in Note 44.

2.2.30 Related party transactions

Related parties of the Group and the Bank include:

a) Members of the Bank Board of Directors and key management personnel of the Bank,

b) close family members of the Board of Directors members and key management personnel,

c) companies having transactions with the Bank, if the total cumulative participating interest (of members of Board of Directors, key management personnel and their close family members) exceeds cumulatively 20%,

d) the Bank's subsidiaries,

e) the Bank's associates

f) the Bank's joint ventures and

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

The terms of the transactions with related parties are at arm's length.

2.2.31 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee which is the Group's and the Bank's operating decision-maker, allocates resources to and assesses the performance of the operating segments.

All transactions between business segments are conducted on an arm's length basis, with intra-segment revenue and costs being eliminated at a consolidated level.

The Group and the Bank operate in business segments, as follows: Retail Banking, Corporate Banking, Piraeus Financial Markets (PFM), Piraeus Legacy Unit (PLU) and Other. Income and expenses directly associated with each segment are included in determining business segment performance.

2.2.32 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the Statement of Financial Position when, and only when, the Group and the Bank have a legally enforceable right to set off the recognised amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.3 Accounting policies followed for the comparative figures of 2017

2.3.1 Fees and commission income and expense

Fees and commission income and expense are recognized on an accrual basis when the relevant services are provided.

Loan syndication fees are recognised as income when the syndication has been completed and the Group and the Bank retain no part on the loan package for theirself or retain part at the same effective interest rate as well as the other participants. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction.

2.3.2 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss category comprise of:

(a) trading securities which include financial instruments that are acquired for the purpose of selling in the near term or they form part of a portfolio of financial instruments that are managed together and for which there is evidence of short term profit making pattern and

(b) financial assets designated at fair value through profit or loss at inception (e.g. asset swaps) when:

- this will reduce measurement inconsistencies that would otherwise arise if the underlying financial instruments were carried at amortised cost and the related derivatives were treated as held for trading or,
- the financial assets are part of a portfolio of financial instruments which is risk managed and reported to senior management on a fair value basis or,
- they contain embedded derivatives that significantly affect the cash flows.

Financial assets at FVTPL are initially recognised at fair value and they are subsequently measured at fair value according to current market prices. Any transaction costs are expensed in the Income Statement.

All realised gains/ losses from the sale of trading securities and financial instruments designated at fair value through profit or loss, as well as the non–realised gains and losses from their measurement at fair value, are included in "Net income from financial instruments designated at FVTPL".

Purchases and sales of financial assets at fair value through profit or loss are recognized on a trade date basis, which is the date on which the Group and the Bank are committed to the purchase or sale of those assets. Interest income from the maintenance of trading securities is recorded to “Interest and similar income”. Dividends received are included in "Dividend Income".

2.3.3 Investment portfolio

The Group and the Bank categorize securities at the various portfolios upon their acquisition.

A. Held to maturity portfolio

The held to maturity portfolio is the portfolio that the Group and the Bank have the positive intent and ability to hold until maturity. Held to maturity investments are initially recognized at fair value (plus any transaction costs) and subsequently are carried at amortised cost using the effective interest rate method, less any provision for impairment. Moreover, held to maturity investments are reviewed for impairment, that is whether their carrying amount is greater than their estimated recoverable amount.

The amount for the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial asset's initial effective interest rate. Impairment losses are recognised in the Income Statement. The objective evidence that a held to maturity investment has been impaired or it is non collectable is stated in Section 2.15.

If part of the held to maturity portfolio is sold or reclassified before maturity date, then the entire held to maturity portfolio must be reclassified to the available for sale portfolio.

The held to maturity portfolio after the reclassification to the available for sale portfolio is measured at fair value, reflecting any difference with the carrying amount in the available for sale reserve. In such case, the Group and the Bank will not be able to classify any financial assets to the held to maturity portfolio for the next two years.

The following cases of sale or reclassification are exceptional to the aforementioned accounting treatment under IAS 39:

- the held to maturity securities are so close to maturity that any changes in the market rate of interest would not have a significant effect on the financial asset΄s fair value,
- the sale or reclassification of held to maturity securities occurs after the substantial collection all of the financial asset΄s original principal,
- the sale or reclassification of held to maturity securities are attributable to an isolated event, unexpected on their acquisition, that is beyond the Group΄s and the Bank’s control and nonrecurring.

Under regular circumstances, purchases and sales of held to maturity securities are recognised on the transaction date, which is the date that the Group and the Bank commit to purchase or sale the asset.

B. Available for sale portfolio

Available for sale portfolio includes those investments intended to be held for an indefinite period of time and which may be sold in response to needs of liquidity or changes in interest rates, exchange rates or equity prices. The initial classification of investments as available for sale is not binding and as a result the subsequent reclassification is permitted.

Regular way purchases and sales of available for sale securities are recognised at the transaction date, meaning the date on which the Group and the Bank commit to purchase or sale the asset.

Securities of the available for sale portfolio are initially recognised at fair value (plus transaction costs directly attributable to the acquisition of the financial asset) and subsequently carried at fair value according to current bid prices or valuation pricing models, in case the market prices are not available (in accordance with IAS 39 provisions). The non realised gains or losses arising from changes in the fair value of the aforementioned securities are recognised directly in equity (available for sale reserve). When securities of the available for sale portfolio are disposed of, all cumulative gains or losses previously recognised in equity are recognised in the Income Statement.

The Group and the Bank review at each reporting date whether there is an indication of permanent impairment (significant or prolonged decreases in fair value compared to acquisition cost) for the available for sale securities based on several pricing models. Significant or prolonged decline of the fair value is defined as:

a) the decline in fair value below the cost of the investment for more than 40% or

b) the twelve month period decline in fair value for more than 25% of acquisition cost.

For the shares of the available for sale portfolio, the models used include the Price-to-Book Value ratio (P/BV), the Price-to-Earnings per share ratio (P/E) or the deviation from market value for listed shares with similar characteristics.

When there is objective evidence that an available for sale asset is impaired, the cumulative loss that has been recognised directly in equity is recycled to profit or loss. This cumulative loss is the difference between the acquisition cost and current fair value less any impairment loss on that financial asset previously recognised in the Income Statement.

Impairment losses recognised in the Income Statement for an investment in an equity instrument classified as available for sale cannot be reversed through the Income Statement. On the contrary impairment losses for a debt instrument that is classified as available for sale, can be reversed in the Income Statement only when the increase in fair value of this debt instrument can be objectively related to an event that occurred after the initial recognition of the impairment loss in the Income Statement.

2.3.4 Reclassification of financial assets

Reclassification of financial assets out of the “Available for sale securities” category to “Loans and receivables” category is permitted, provided that the financial assets meet the definition of the category to which they are transferred at the date of reclassification and the Group and the Bank have the intention and ability to hold the financial assets for the foreseeable future or until maturity. The Group and the Bank have established the following conditions that should be met, in order to prove intention and ability to hold the financial assets for the foreseeable future or until maturity:

- the business plan should not include profit from short term movements in prices,
- there should be no intention of disposing the asset within the following six months and

- there should be neither internal nor external restriction on the Group's and the Bank's ability to hold the financial asset.

For financial assets reclassified as described above, out of the "Available for sale securities" category to "Loans and receivables" category, the fair value at the date of reclassification is considered the new amortized cost at that date. Any gain or loss from revaluation recognised in the Income Statement or the available-for-sale reserve until the date of reclassification shall not be reversed. The new effective interest rate of the financial assets reclassified to "Loans and receivables" category and "Held to maturity" category is calculated based on the expected cash flows at the date of reclassification.

Reclassification of financial assets from the "Available for sale securities" category to the "Held to maturity" category is permitted, provided that the financial assets meet the definition of this category at the date of reclassification and the Group and the Bank have the intention and ability to hold the financial assets until maturity.

Investments in equity instruments cannot be reclassified out of the Available for Sale portfolio.

2.3.5 Loans and advances to customers

Loans and advances to customers are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- financial assets which are classified as "Financial instruments at fair value through profit or loss", and those designated upon initial recognition as at fair value through profit or loss;
- financial assets that the Group and the Bank upon initial recognition designate as available for sale;
- financial assets for which the initial investment may not be recovered substantially, for reasons other than because of credit deterioration.

Loans and advances to customers drawn down by the Group and the Bank are initially recognized at fair value (plus any transaction costs) and measured subsequently at amortized cost using the effective interest rate method. Interest on loans and advances to customers is included in the Income Statement and is reported as "Interest and similar income".

If there is objective evidence that the Group and the Bank will not be in a position to receive all payments due, as defined by the contract of the loan, an impairment loss on loans and advances to customers is recognised. The amount of the allowance for impairment on loans and advances to customers is the difference between the carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate of the loan.

A loan is subject to impairment when its carrying amount is greater than the expected recoverable amount.

The Group and the Bank assess at each balance sheet date whether there is objective evidence that a loan or group of loans may be impaired. If such evidence exists, the recoverable amount of the loan or group of loans is estimated and an impairment loss on loans and advances to customers is recognised in the Income Statement.

Objective evidence that a loan or group of loans is impaired or it is not collectable is the following events:

i. Significant financial difficulty of the issuer or the obligor.

ii. A breach of contract (i.e. default or delinquency in interest or principal payments).

iii. The Group and the Bank granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider.

iv. Probability that the borrower will enter bankruptcy or financial reorganisation.

v. Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
   - Adverse changes in the payment status of borrowers who are active in the same industry in the group (i.e. increase in the number of delayed payments due to sector problems), or
   - National or local economic conditions that correlate with defaults on the assets in the group (i.e. increase in the unemployment rate for a geographical area of borrowers, decrease in the value of property placed as guarantee for the same geographical area).

vi. Submission of an application for bankruptcy by a company of any form within the group of related companies of the borrower.

The Group and the Bank first assess whether objective evidence of impairment exists for loans that are individually significant and collectively for loans that are not individually significant. If the Group and the Bank determine that no objective evidence of impairment exists, or no impairment loss is calculated for an individually significant loan, the loan is included in a pool of loans with similar credit risk characteristics and is collectively assessed for impairment. Loans and advances to customers that are individually assessed but for which no impairment loss is calculated due to adequate collateral are excluded from the collective impairment assessment.

For the purpose of the collective impairment assessment, loans and advances to customers are grouped on the basis of similar credit risk characteristics (i.e. arrears bucket, industry sector, business/product segment, and other relevant factors). These characteristics are relevant to the estimation of future cash flows for groups of loans by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. It should be noted that collectively assessed impairment losses are also calculated for performing loans (zero days past due).

Future cash flows for a group of loans that are collectively assessed for impairment are estimated on the basis of the contractual cash flows of the assets of the Group and the Bank and historical loss experience for assets with credit risk characteristics similar to those of the Group and the Bank. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows for groups of loans reflect and are directionally consistent with changes in related data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses for the group and their magnitude).

The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group and the Bank.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement of the debtor's credit rating), the previously recognized impairment loss is reduced and the gain is recognised in the Income Statement.

Forborne loans are loans and advances to customers for which a conversion of the original contractual terms and conditions or refinancing of the borrower΄s debt on more favorable terms due to current or expected financial difficulties has been done and are not applicable to borrowers of similar risk profile.

Interest on forborne loans is included in “Interest and similar income” in the Income Statement.

Forborne loans are tested for impairment in accordance with the impairment and provisioning policy as described above.

Note 4.1.11 is relevant to the policy of forborne loans.

2.3.6 Debt securities receivables

Investment securities classified as debt securities receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

(a) those that the Group and the Bank classify as "Financial instruments at fair value through profit or loss" and those that the entity upon initial recognition designates at fair value through profit or loss;

(b) those that the Group and the Bank upon initial recognition designate as available for sale; and

(c) those for which the initial investment may not be recovered substantially, for reasons other than credit deterioration.

Debt securities receivables are measured at amortised cost and tested for impairment at each reporting date.

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

The preparation of the Annual Financial Statements requires Management to make critical accounting estimates and judgments, by applying the accounting policies that affect the reported amounts of assets and liabilities, income and expenses. The adoption of IFRS 9 on 1/1/2018 required application of significant judgement and resulted in additional critical accounting estimates in comparison to those applied in 2017. Actual results may differ from these estimates.

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

3.1 Measurement uncertainty in determination of ECL estimates

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

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

Determination of a significant increase of credit risk

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

Determination of scenarios, scenario weights and macroeconomic factors

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

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

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

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

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

Modeling and Management overlays/ adjustments

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

Independent Validation Unit

The Group and the Bank, acknowledging the need to independently validate the credit risk models used in the ECL measurement, has decided to delegate their validation to competent resources within the Group Risk Management Unit, which is independent of the model development process. The Model Validation Unit ("MVU") reports directly to the Chief Risk Officer ("CRO"). The Group and the Bank has developed and implemented, within 2018, a Model Validation Framework ("MVF"), consisting of Policy, Methodologies and technical specifications, regarding the credit risk models and in particular, the IFRS 9 models (PD, LGD and EAD models as well as the SICR criteria).

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

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

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

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

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

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

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

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

3.4 Fair value of over the counter derivative instruments

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

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

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

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

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

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

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

3.5 Recoverability of Deferred Tax Assets

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

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

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

In relation to the provisions of Greek Law 4172/2013 for deferred tax assets please refer to Note 16.

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

3.6 Impairment of investments in subsidiaries, associates and joint ventures

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

3.7 Fair value of investment property

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

Fair value is based on active market prices or is adjusted, if necessary, for any difference in the nature, location, condition and other features and characteristics or special circumstances affecting the specific investment property. If this information is not available, valuation methods, as those described in Note 2.2.17, are used. The fair value of investment property reflects rental income from current leases as well as assumptions about future rentals, taking into consideration current market conditions.

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

Amounts in million euros (Unless otherwise stated)

3.8 Other receivables from the Greek Public Sector

Management makes significant estimates and assumptions regarding the progress of the Greek economy such as GDP, House Price Index and Unemployment. Furthermore, for Management's estimates concerning the economic developments refer to Note 2.1.2.

As at 31/12/2018, the total carrying value of the Group and the Bank's receivables from the Greek Public Sector is as follows:

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Derivative financial instruments - assets	306	284	306	284
Bonds and treasury bills at FVTPL	242	8	242	8
Loans and advances to Public sector at amortised cost	1,738	1,729	1,737	1,729
Bonds, treasury bills and other variable income securities of Available for Sale portfolio	-	1,701	-	1,701
Bonds, treasury bills and other variable income securities at FVTOCI	2,002	-	2,002	-
Other Assets	534	508	526	502
Total	**4,822**	**4,231**	**4,814**	**4,224**

Due to the adoption of IFRS 9 on 1/1/2018, an amount of € 1.701 million in line "Bonds, treasury bills and other variable income securities of Available for Sale Portfolio" was transferred to line "Bonds, treasury bills and other variable income securities at FVTOCI".

4 Financial Risk Management

4.1 Risk Management Framework

Effective risk management is the key factor of the Risk Management Framework in order for the Group and the Bank to deliver sustained returns to its shareholders. Management allocates substantial resources to keep upgrading its policies, processes, methods and infrastructure to ensure compliance with best international practices and the guidelines of the Basel Committee for Banking Supervision. The recognition and management of risks arising from the Group and the Bank's activities is a priority in the development of its business strategy. In this regard, a framework for prudent risk management has been established.

Management has adopted practices regarding risk management governance, taking into account all relevant guidelines and regulatory requirements, as set by the Basel Committee on Banking Supervision, the European Banking Authority (EBA), the ECA, the Bank of Greece and the Hellenic Capital Markets commission ("HCMC"), including any decision of the competent authorities supervising the Group's subsidiaries.

The responsibility for the development and oversight of the risk management framework lies with the Board of Directors ("BoD"). The BoD ensures the development of an appropriate risk management framework, including strategy and policies, by setting acceptable risk limits, while shaping an appropriate internal environment so that every employee of the Group and the Bank is aware of the nature of the risks associated with its duties. In particular, the BoD has established the Risk-Committee whose primary role is to oversee risk management across the Group.

Risk Committee

The Risk Committee is responsible for exercising the duties set out in the internal Operating Regulation, so as to be able to assist the Board of Directors in its work concerning the:

- existence of an appropriate risk management strategy and the definition of maximum acceptable risk levels, as well as the supervision of their application,
- establishment of principles and rules that will govern risk management as regards the identification, assessment, measurement, monitoring, control and management of such risk,
- development of an internal risk management system and the incorporation of suitable risk management policies in the business decision making process,
- compliance of the Group and the Bank, through strict and reliable procedures, with the requirements of the regulatory framework for the risk management function.

Additionally, the Risk Committee controls the independence, adequacy and effectiveness of the operation of the Risk Management Division of the Group and the Bank.

The Risk Committee was established by a BoD decision in accordance with the requirements of Bank of Greece Governors' Act No. 2577/9.3.2006. The Risk Committee is comprised of non-executive members of the BoD, who possess the appropriate knowledge, skills and specialization, in order to comprehend and monitor the risk management strategy of the institution. The Chairman of the Risk Committee is designated by the BoD and must possess significant experience in commercial banking and preferably in risk and capital management, as well as familiarity with the local and international regulatory framework.

The representative of the Hellenic Financial Stability Fund ("HFSF") participates in the Risk Committee, with full voting rights. Furthermore, the observers for the Monitoring Trustee are also present.

The Risk Committee's mission is to:

- ensure that the Group and the Bank have a well-defined strategy for risk management and risk appetite. The Group and the Bank's risk appetite is structured through a number of quantitative and qualitative positions for specific risk categories, including special tolerance levels (per portfolio, sector, geographic region, credit standing, etc.)
- ensure that all forms of risk (including operational risk) connected to the activity of the Group and the Bank are covered effectively
- ensure that the Group and the Bank's risk appetite is clearly communicated to the entire Bank and its subsidiaries and constitutes the basis for the establishment of risk management policies and risk limits at the Group and the Bank,
- ensure the integrated control of risk management, the specialised management of risks and the necessary coordination at the Group and Bank level..

The Risk Committee convenes, upon its Chairman's invitation, as many times as considered necessary in order to accomplish its mission, but not less than once (1) a month. Each member of the Risk Committee is entitled to request the convocation of the Risk Committee in writing for the discussion of specific issues.

Group Risk Management

Group Risk Management is an independent unit in relation to other units of Group and the Bank, which have revenue generating activities and/or are accountable for transactions. The unit carries out responsibilities of Risk Management and Credit Risk Control in accordance with the BoG Governor's Act 2577/09.03.2006 and Greek Law 4261/2014.

Group Risk Management is responsible for the design, development and implementation of the Group and the Bank's policies on risk management and capital adequacy in accordance with the directions of the Board of Directors, which covers the full range of Group and Bank's activities for all types of risk. Group Risk Management is subject to review by Group Internal Audit as to the adequacy and effectiveness of risk management framework (policies, methodologies and procedures).

The Group's Chief Risk Officer ("CRO"), Head of Group Risk Management, participates in all major executive committees, including the Group's Executive Committee, and has a dual reporting line to the Risk Committee and the Bank's Chief Executive Officer ("CEO"), with direct access to the Chairman of the Risk Committee, whenever deemed necessary. In the Senior Credit, Recovery Credit and Asset Liability Management Committees, the CRO preserves a veto right.

The Board of Directors appoints the CRO upon recommendation of the Risk Committee and the appointment or replacement following the approval of the Risk Committee is communicated to the Bank of Greece and the Single Supervisory Mechanism.

The key responsibilities of the Group Risk Management are as follows:

- develop, evaluate, and recommend amendments to the CRO, with respect to the risk management framework for the Group's activities, according to international best practices as well as the legal, regulatory and supervisory requirements. Ensure that the framework is reviewed at least annually or ad hoc in case there are (a) changes in Group's strategy or business model, or (b) changes in the regulatory framework, business environment or/and in the macroeconomic conditions. In particular, Group Risk Management develops the strategy, policies and procedures in relation to the:
    - identification, assessment, measurement, management/control, monitoring and reporting of potential and actual risk exposures
    - establishment, allocation and monitoring of appropriate risk limits (e.g., credit, market, liquidity and operational risks) in cooperation with the relevant committees and units of the Group
    - capital management objectives
    - monitor the implementation of the risk management framework, including the risk and capital strategy, along with the regulatory requirements and the guidelines of Management,
- monitor the adherence to the approved risk appetite framework on an ongoing basis
- oversee the alignment of the Risk & Capital Strategy with the Business Plan, Restructuring Plan, Funding Plan, Budget, ICAAP, ILAAP and Recovery Plan,
- develop, conduct, monitor and report the Group's Internal Capital Adequacy Assessment Process ("ICAAP") and Internal Liquidity Adequacy Assessment Process ("ILAAP"),
- produce and report the capital adequacy requirements under Pillar I (e.g. credit, market and operational risks),
- document and report the capital adequacy and risk management regulatory disclosures under Pillar III,
- supervise the development and harmonization of the subsidiaries' risk management frameworks with the Group's risk management framework and practices,

- develop awareness about risk exposure, promote risk management culture and support in risk matters all units across the Group,
- participate in the development of the Group and the Bank's Credit Policy,
- lead and coordinate the design and execution of Group-wide solvency stress tests. Exercise periodic and / or temporary stress tests with base and adverse scenarios tailored to the nature and scope of the operations of the Group for all types of risk,
- establish & validate loan impairment models (compliant with the IFRS 9 framework),
- develop Risk Based Pricing Models. The assessment of an internal hurdle rate for every investment decision (loan) will be of utmost importance for the bank and it will contribute towards achieving its goals for sustainable profitability and better understanding of the underlying risks,
- assess new products and activities or significant changes to existing ones prior to their introduction.

The Group Risk Management is comprised of the following divisions:

Group Credit Risk Management Unit

The unit is responsible for the development and implementation of the credit risk management framework (policies, methodologies and procedures) on the basis of the Risk & Capital Strategy of the Group and relevant requirements of supervisory authorities. The framework covers the management of the credit risks which are undertaken in general by the Group or to which it may be exposed, including their identification, measurement, monitoring, control, mitigation and reporting. The unit also defines the criteria for early warning system and recommends the appropriate procedures and measures for credit risk monitoring. On a regular basis, it reports credit risk related information to Senior Management, Board of Directors and the supervisory authorities. It also monitors/coordinates the activity of the subsidiaries' Risk Management units.

Group Capital Management Unit

The unit is responsible for the development and implementation of the Group-wide policies and methodologies relating to capital adequacy management, the regulatory capital (Pillar I) and internal capital (ICAAP) of the Group, on the basis of the risk & capital strategy and all relevant requirements of the supervisory authorities. The main activities of the unit include the calculation of capital requirements against all types of risks that the Group undertakes or to which it may be exposed. The unit ensures that every activity which exposes the Group to credit, market, liquidity and operational risks is adequately captured, processed and subject to capital requirements. On a regular basis it reports capital adequacy information to the Management, the Board of Directors and supervisory authorities.

Group Market, Liquidity and Operational Risk Management Unit

The unit is responsible for the development and the implementation of the framework (policies, methodologies and procedures) relating to the management of market ,liquidity and operational risks on the basis of the Risk & Capital Strategy of the Group and relevant requirements of supervisory authorities. The framework covers the management of the aforementioned risks which are undertaken in general by the Group or to which it may be exposed, including their identification, measurement, monitoring, control, mitigation and reporting. On a regular basis, it reports market, liquidity and operational risk related information to the Management, the Board of Directors and supervisory authorities. Also, it coordinates and participates the Internal Liquidity Adequacy Assessment Process (ILAAP) as well as the formation and revision of the Bank's Recovery Plan. In addition, it monitors/coordinates the activities of Group Operational Risk Assessment Team

(GORAT) and the subsidiaries' Risk Management units.

Corporate Credit Control Unit

The unit is responsible for the development and implementation of evaluation and overview of the credit risk embedded in the corporate portfolio of the Group, on the basis of the risk & capital strategy and credit policy of the Group and relevant requirements of supervisory authorities. It performs independent systematic evaluations of the quality of approved loan exposures (post-approval) as well as of the monitoring practices of credit risk embedded in the corporate portfolio of the Bank and its subsidiaries. On a regular basis, it proposes corrective actions and practices and monitors the implementation for the timely and effective management of high (quantitative and qualitative) credit risk. It reports on matters of its authority to the Management and the Board of Directors. It also supports CRO, as a member of Senior Credit and Recovery Credit Committees, on complex credit limits (ex-approval).

Group Risk Coordination and Model Validation Unit

The Bank has established in 2017 a Model Validation Unit (MVU) under Group Risk Management that reports directly to the Group CRO, in order to perform independent, from development functions, validations of the Bank's models. The roles and responsibilities of the unit as well as those of all key stakeholders participating in the model lifecycle are defined in the Group and the Bank's Management and Governance Framework ("MGF").

The Group and the Bank has developed and implemented, late 2017-within 2018, a Model Validation Framework ("MVF"), consisting of Policy, Methodologies and technical specifications, regarding the credit risk models and more particularly the IFRS 9 models (PD, LGD and EAD models).

The unit also leads the annual review process of the Risk & Capital Strategy, including the risk appetite framework and supervises the subsidiaries' risk management framework, providing continuous support and expertise in alignment with the Group practices.

Risk Data Office

The Risk Data Office was established in 2017, with the goal to coordinate and support the Risk Management Units with regard to risk data management, data availability and data quality issues. Its main duties are:

- Coordinate/Lead/Implement:
    - processes and initiatives to create controls for the mitigation of the risks related to the Risk Data Management and Governance processes;
    - Risk Data Management/Risk Data Governance processes and initiatives;
    - Data Quality Management processes and initiatives;
    - Risk Data Aggregation initiatives to accommodate regulatory and internal requirements;
    - processes and initiatives to streamline risk data operational management.
- Identification, analysis and assessment of risks related to risk data management and governance, in compliance with the regulatory framework and the industry's best practices.
- Support the Group Risk Management Units in the risk data aggregation and reporting processes.
- Participate on behalf of the Group Risk Management Unit in the roles and responsibilities derived by the Data Governance

Framework.

- Monitor/Control risk data availability in the risk systems, to accommodate day-to-day operations.
- Coordinate and monitor the valid and timely data aggregation from the Group's subsidiaries. Risk systems operational management and support.

Risk Management Office

Risk Management Office main duties & responsibilities are presented below:

- Coordination, support and monitoring of major projects at Group Risk Management and CRO level
- Secretarial support of Risk Management Committee

Committees

Market Scenario Steering Committee: The Market Scenarios Steering Committee reviews and approves scenario variables and probability weights derived by the Economics & Investments Strategy. In addition, it reviews and approves temporary adjustments on the credit risk parameters.

Provisioning Committee: The Provisioning Committee, is responsible for the approval of the quarterly ECL allowances for impairment on loans and advances to customers at amortised cost of the Bank, and, if required, of the Group, as it results from the implementation of the Policies and procedures governing the calculation of individual and collective provisions against credit risk.

The Provisioning Committee is, also, mandated to periodically, and at least annually, review the policies and methodologies (parameters, scenarios, weighting of scenarios etc.), which are applied by the Bank for the calculation of provisions.

Last, the Provisioning Committee is responsible for:

a. monitoring the reclassification of exposures [PE/ FPE/ NPE/ FNPE], as they result from the implementation of the Group and the Bank's Policies and procedures,

b. the examination and approval of any requests for the exception / override from the relevant classification, following the respective request addressed by the Business Units.

4.2 Credit Risk

Credit risk is defined as the potential risk that a debtor of the Bank or of its subsidiary or other Group's counterparty will fail to meet its obligations in accordance with agreed terms and conditions.

Credit risk is the most significant risk for the Group and the Bank and therefore its effective monitoring and persistent management constitutes a top priority for senior management. The continuous development of infrastructure, systems and methodologies aimed at quantifying and evaluating credit risk is an essential precondition in order to timely and efficiently support Management and the business units in relation to the decision-making, the policy formulation and the fulfillment of supervisory requirements. The Group and the Bank's exposure to credit risk arises mostly from corporate and retail credit, various investments, OTC transactions, derivatives transactions, as well as from transactions' settlement. The amount of risk associated with such credit exposures depends on various factors, including general economic conditions, market developments, debtor's financial condition, amount/type/duration of exposure and the existence of collaterals and guarantees.

The implementation of the credit policy, that describes the principles of the Group and the Bank's credit risk management, ensures effective and uniform credit risk monitoring and control. Management applies a uniform policy and practice with respect to the credit assessment, approval, renewal and monitoring procedures. All credit limits are reviewed and / or renewed at least annually and the responsible approval authorities are determined, based on the size and the category of the total credit risk exposure undertaken by the Group and the Bank for each borrower or group of connected borrower (one obligor principle).

Under the Group Risk Management, the Credit Risk Management Unit operates with the objective of identifying, monitoring and managing credit risk, according to the Risk Appetite Framework, as approved by the Board of Directors, in compliance with the respective obligations towards the supervisory authorities.

Credit risk is monitored by the Group Risk Management and the Group and the Bank's independent Risk Controlling Unit. Their main responsibility is to review and manage credit risk. Furthermore, Credit Risk Unit is staffed with credit risk managers who are responsible for their business lines and manage specific portfolios and professional experts who support both the line credit risk manager, as well as the business through tools such as credit risk systems, policies, models and reporting.

Management has established a credit quality review process to provide early identification of potential changes in the creditworthiness of counterparties, including regular collateral revaluations. Counterparty limits are established by the use of a credit risk classification system, which assigns a risk rating to each counterparty. Risk ratings are subject to regular revision. The credit quality review aims to allow Management to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

Analysis of Concentration Risk

Concentration risk may arise from various types of portfolio incomplete diversification, such as the concentration risk on large borrowers, economic sectors, geographical areas and types of collateral.

Management monitors concentration risk on a regular basis, through a reporting framework which respectively informs Senior Management and the supervisory authorities. In addition to the monitoring of the supervisory limits, the Group and the Bank has set internal limits within the Risk Appetite Framework, which are revised annually.

Country Risk

Country risk reflects the risk of loss arising from macro-economic instability, social events or political uncertainty in a country, including nationalization, expropriation of assets and debt restructuring, affecting the Group and the Bank's earnings and/or capital. It includes sovereign, transfer and political risks.

Management has established internal country limits within the Risk Appetite Framework, which are revised annually.

Counterparty Credit Risk

Counterparty credit risk (CCR) is defined as the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. It refers to derivative instruments, repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions.

For the effective management of CCR, Management has in place procedures and guidelines for defining, reviewing and monitoring credit limits as well as concentration limits set on a counterparty rating basis. Limits are set either in nominal amounts or risk units (credit equivalent), depending on the transaction and they are revised at least annually. The monitoring of counterparty credit limits' utilization is monitored on a daily basis.

For effective CCR management and regarding credit risk mitigation techniques, Management has in place comprehensive and enforceable legal contracts with its Counterparties such as International Swap Derivatives Association Agreement (ISDA), Credit Support Annex (CSA) and Global Master Repurchase Agreement (GMRA). A master agreement permits the netting of both rights and obligations that arise from derivative transactions that have been performed under such a master agreement upon the counterparty's default, resulting in a single net claim. Moreover, in order to mitigate settlement risk and under specific transactions and conditions covered within master agreements, payment netting is performed. In order to monitor settlement exposures, Management has set Daily Settlement Limits per counterparty.

Derivative Financial Instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the Statement of Financial Position. In the case of credit derivatives, the Group and the Bank are also exposed to, or protected from, the risk of default of the underlying entity referenced by the derivative. However, to reflect potential losses, the Group and the Bank applies portfolio-based debit and credit value adjustments.

With gross-settled derivatives, the Group and the Bank is also exposed to a settlement risk, being the risk that the Group and the Bank fulfil its obligation, but the counterparty fails to deliver the counter value.

Definition of Credit Impaired Exposures / Default

In Q4 2018 Management finalised required changes in order to apply the EBA NPE definition in the calculation of the ECL allowance. The Group and the Bank have aligned the definition of Stage 3 for financial reporting purposes with the NPE definition used for regulatory reporting. Thus in accordance with the Group and the Bank's Provisioning Policy a financial asset is considered as credit impaired and is classified into Stage 3 when it is classified as NPE[15].

The change in default definition is considered a change in estimate for accounting purposes and has been applied as at 31/12/2018.

Credit Rating Models (Probability of Default)

Reliable credit risk measurement is a top priority within the Group and the Bank's Risk Management Framework. The continuous development of infrastructure, systems and methodologies aimed at quantifying and evaluating credit risk is an essential precondition in order to timely and efficiently support Management and the business units in relation to decision-making, policy formulation and the fulfillment of supervisory requirements.

The Group and the Bank operate their internal rating models. More specifically, it runs separate models for its corporate portfolios in which its customers are rated from 1 to 19 using internal grades. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilize supplemental external information that could affect the borrower's behavior. For the Retail Portfolio the bank runs Credit Rating (Scoring) Models that incorporate demographic/behavioral/credit bureau information. These information sources are first used to determine the PDs within the Bank's Basel III framework. PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward-looking information and

[15] (COMMISSION IMPLEMENTING REGULATION (EU) 2015/227 –
https://eurlex.europa.eu/legal-content/EL/TXT/PDF /?uri=CELEX:32015R0227&from=EL)

Amounts in million euros (Unless otherwise stated)

the IFRS 9 Stage classification of the exposures. This is repeated for each economic scenario as appropriate.

A) Lending Portfolio

For credit risk measurement and monitoring purposes related to the Group and the Bank's loans and advances to customers at amortised cost, the following are performed at a counterparty level:

- The customer's creditworthiness and the probability of default on its contractual obligations is systematically assessed,
- The Group and the Bank's probability of potential recovery, in the event of the debtor defaulting on its obligations is estimated, based on existing collateral, guarantees provided and curing levels.

Management assesses the creditworthiness of its borrowers and estimates the probability of default on their obligations by applying credit rating models appropriate to their special characteristics and features taking into account various historical, current and forward looking information.

Corporate Lending

All Corporate lending customers are assigned to credit rating grades, which correspond to different levels of credit risk and relate to different default probabilities. Each rating grade is associated with specific customer relationship policy/guidelines.

Each category of the credit rating scale corresponds either to a specific guideline or policy of the Bank as far as the relationship with the business borrowers is concerned and is presented in the relevant chapter of the Credit Policy and Practice Manual. The rating scale for business borrowers consists of 19 rating grades that correspond to borrowers that have not defaulted on their contractual obligations. The below table presents, the Group and the Bank's policy mapped to each rating scale:

<table>
<tr><th>RATING</th><th colspan="2">CREDITWORTHINESS</th><th>GUIDELINES OR SUGGESTED POLICY</th></tr>
<tr><td>1 - 6</td><td colspan="3">Not applicable</td></tr>
<tr><td>7-10</td><td>Strong</td><td>Develop relationship</td><td rowspan="4">GUIDELINES</td></tr>
<tr><td>11-12</td><td>Good</td><td>Develop relationship</td></tr>
<tr><td>13-14</td><td>Satisfactory</td><td>Carefully develop relationship taking collateral/ security or Maintain relationship</td></tr>
<tr><td>15-16</td><td>Weak</td><td>Carefully develop relationship taking strong collateral/ security or Maintain relationship taking adequate collateral</td></tr>
<tr><td>17-19</td><td>Poor</td><td>Probable classification/ downgrading or Reduce relationship taking strong collateral/ security or Terminate relationship</td><td>SUGGESTED POLICY</td></tr>
</table>

The Group and the Bank use distinct credit rating models, according to the type of operations and the size.

More specifically:

Credit Category	Rating System	Rating Scale
Corporate Lending	RA for Corporate customers that keep “C” category accounting books and have a turnover more than € 2.5 million	19-grade
	RA for Corporate customers that keep “C” category accounting books and have a turnover up to € 2.5 million	19-grade
	Small Business Lending Scorecard (small business or personal companies)	Score
	Agricultural Lending Scorecard for agricultures (small business or personal companies)	Score
Specialised Lending	Project Finance PD & Slotting Scorecard	19-grade / 4-Slots
	Object Finance (Shipping) Scorecard	19-grade / 4-Slots
	Manual Rating	19-grade

Manual Rating is applied for customers that no other available rating system can be applied: these are customers with no financial data (i.e. newly established, SPVs) or brokerages and insurance companies.

The Corporate Rating Models incorporate the following information in order to quantify the client risk:

- Historical financial information that includes realized results, solvency ratios, liquidity ratios and any other relevant ratios to measure the client's financial performance.
- Any publicly available information on the clients from external parties. This includes credit bureau information.
- Any other objectively supportable information on the quality and abilities of the client's management relevant for the company's performance.

The complexity and granularity of the rating techniques varies based on the exposure of the Group and the Bank and the complexity and size of the customer. Some of the less complex small business loans are rated within the Group and the Bank's (Scoring) models for retail products.

These models combine financial and statistical analysis together with the expert judgement of responsible officers. Whenever possible, these models are tested by benchmarking against externally available information.

Borrowers are rated when their credit limit is initially determined and thereafter re-rated on at least an annual basis. The ratings are also updated in cases when there is available information that may have a significant impact on the level of credit risk.

Retail Lending

Regarding the retail credit portfolio, there are scorecards of client credit assessment in the Retail Banking portfolio covering different stages of the credit cycle, as follows:

1. Application Scorecards

The Application Scorecards are exclusively based on historical data of applications and behavior and are the result of the implementation of statistical analysis. They are tailored specifically to the Group and the Bank's clients and are customized on a product and purpose basis. Thus, we have five products - based application scorecards and three purpose - based application scorecards in mortgage/ housing loans.

2. Behavioral Scorecards

The Behavioral Scorecards are exclusively based on historical data of client behavior regarding the Bank's products and are the result of the implementation of statistical analysis. They are tailored specifically to the Bank's clients and are customized on a product and days past due basis. Thus, we have two categories of scorecards, the early bucket behavior scores (bucket 0-2) and the late bucket behavior scores (bucket 3+). In total, we have 17 behavioral scorecards.

3. Internal Bureau Scorecard

There is also one scorecard regarding the Group and the Bank's clients' behavior in the market at the moment of the application. This scorecard is exclusively based on historical data and is also the result of the implementation of statistical analysis. It is tailored specifically to the Group and the Bank's clients and is not customized on a product basis.

4. Overall Application Scorecards

These are scorecards which are part of the origination process and combine in essence the above three scorecards. Thus, when a client submits an application, his application score, his behavior score, his bureau score and his Teiresias bureau score are taken into account. These are five scorecards which are customized on a product - category basis, are based on historical data of applications and behavior and are the result of the implementation of statistical analysis.

The aforementioned internal models comprise the basic factors which are used as inputs in PD models for the total retail banking portfolio and for the business banking portfolio as well.

5. Credit Bureau Scoring

In addition, the Group and the Bank have used the credit bureau scoring model of Teiresias S.A., which takes into account the total exposure of borrowers in the Greek market. The usage of this particular model has improved the performance of the existing models.

The policy that is taken into account in the approval process and determine the willingness as well as the ability of the applicant to fulfill his obligations is also based on a range of credit criteria (apart from the aforementioned credit scoring models), such as:

- minimum income level,
- monthly disposable income (MDI),
- credit history of the customer,
- maximum unsecured exposure,
- maximum limit per product,
- maximum levels of loan-to-value (LTV) (for collateralized loans) combined with the purpose of the loan.

Management regularly validates and tests the predictive ability of the creditworthiness evaluation of rating models (Wholesale & Retail), thus ensuring its potential of accurately depicting credit risk and allowing for the timely implementation of measures addressing potential problems.

Recovery based on existing collateral, security and guarantees Along with the assessment of the counterparties' creditworthiness, rating evaluation and during the process of setting and reviewing credit limits, Management estimates the recovery rate related to the exposure in the event the debtors default on their contractual obligations. The estimation of the recovery rate is based on the type of credit as well as the quality of any collateral/ security. According to standard practice, the lower the rating of a borrower, the greater the collateral/ security required, so that the recovery rate is as high as possible in case of borrowers default on their contractual obligations to the Group and the Bank.

Exposure at Default

Exposure at Default (EAD) is equal to the on-balance sheet exposure of the defaulted account on the date of default. Thus, it is equal to the sum of the on-balance sheet exposure of the account on the observation date and any additional amounts that are drawn until the date of default. A transformation commonly used is the Credit Conversion Factor (CCF) which is equal to the ratio of "Balance at default" minus "Balance at observation point" over the undrawn amount at observation point (Limit at observation – Balance at observation).

Loss Given Default

Loss Given Default (LGD) is defined as the ratio of economic loss during the recovery period to the exposure at default. LGD is cash flow oriented and for its computation all costs are included and properly discounted (with the Effective Interest Rate) from the recovery date until the date of default.

For the calculation of LGD, recoveries are also taken into account. "Recoveries" can be of different types:

- Cash recoveries could be considered cash flows from customer, from guarantor, from cured facilities, from security (eligible collateral/guarantee), from debt sale.
- Non-cash recoveries could be considered repossessions.

For the complete LGD estimation additional inputs are used:

- Cures via Modification: Cure Rate level of accounts that have changed to non-defaulted status via the implementation of a Modification.
- Loss given non-cure: Incurred loss from cases that the Group and the Bank have not managed to cure.
- Loss given modification: Incurred losses due to the type of modification that was offered to the client.

Lending Portfolio Quality

The Lending Portfolio according to its quality is segmented on the following categories for both retail and corporate portfolio:

- Strong
    - Retail: Stage 1 Loans and advances to customers at amortised cost that are in Bucket 0
    - Corporate: Stage 1 Non CRE Loans and advances to customers at amortised cost that have rating less or equal to 14
    - Corporate: Stage 1 CRE Loans and advances to customers at amortised cost that have rating less or equal to 10

- Recommended
  - Retail: Stage 1 Loans and advances to customers at amortised cost that are in Bucket 1
  - Corporate: Stage 1 Non CRE Loans and advances to customers at amortised cost that have rating more than 14
  - Corporate: Stage 1 CRE Loans and advances to customers at amortised cost that have rating more than 10
- Substandard
  - Retail: Stage 2 Loans and advances to customers at amortised cost
  - Corporate: Stage 2 Loans and advances to customers at amortised cost
- Default
  - Retail: Stage 3 Loans and advances to customers at amortised cost
  - Corporate: Stage 3 Loans and advances to customers at amortised cost

Unrated corporate loans that belong to Stage 1 are segmented according to their bucket.

The segmentation presented above is highly correlated with the PD levels of each portfolio (among the categories the PD levels differ).

Significant Increase in Credit Risk

The assessment of significant increase in credit risk is key in establishing the point of switching between the requirement to measure an allowance based on 12-month expected credit loss or based on lifetime ECL. If, following this assessment, a significant increase in credit risk occurs, the Group and the Bank recognize a loss allowance amount equal to the expected credit loss (ECL) amount over the life of that financial instrument.

To perform this assessment, the Group and the Bank compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

The Group and the Bank's objective is to capture this significant increase in credit risk prior to the financial asset being treated as credit impaired.

The allocation between stages is based on the criteria presented below:

- If at reporting date, the loan is in NPE status, it is allocated to “Stage 3” and lifetime expected losses are calculated.
- If there has been a significant increase in credit risk at reporting date against the credit risk at the initial recognition date, the loan is allocated to “Stage 2” and lifetime expected losses are calculated.
- The remainder of the loans, are allocated to “Stage 1” and expected credit losses are computed for the next 12 months.

The criteria based on which the Group and the Bank assesses whether there is a significant increase in credit risk for an exposure are outlined below.

Corporate and Retail Lending Portfolio

- Primary criteria
  - significant increase in the probability of default (PD) of the financial instrument at the reporting date compared to the

one calculated at the initial recognition date, based on certain absolute (3% - 6.5%) and / or relative (200%) thresholds

- Secondary criteria
  - existence of forbearance
  - behavioral flags (monitoring the maximum delinquency bucket for the last 12 months)
  - existence of default event over the last 12 months based on the Defaulted exposures as the identification of the latter is based on the EBA NPE Default Definition
- Backstop
  - 30 days past due (30dpd) or more

B) Debt securities and other short term Treasury products

The Group and the Bank recognizes impairment allowances on debt securities and other short-term Treasury products that are measured at amortized cost or at fair value through other comprehensive income.

The amount of expected credit losses (ECL) recognized as an impairment loss allowance depends on the extent of credit deterioration since initial recognition. The assessment of significant deterioration is key in establishing the point of switching between the requirement to measure an allowance based on 12-month ECL and one that is based on lifetime ECL. The approach of recognizing impairment is based on the following allocation to Stages:

- Stage 1: Contains instruments that have not deteriorated significantly in credit quality since initial recognition or have low credit risk at the reporting date.

The Group and the Bank follow the 'low risk simplification', according to which, if a financial instrument has low credit risk, it is assumed that no significant increases in credit risk have occurred. The Group and the Bank consider that all investment grade instruments are low risk instruments; hence, they are allocated to Stage 1.

At stage 1, 12-month ECL is recognized. For instruments with a residual maturity of less than 12 months, ECL is calculated for the remaining period until maturity.

- Stage 2: Contains instruments that have deteriorated significantly in credit quality since initial recognition. At Stage 2, lifetime ECL is recognized.
- Stage 3: Contains instruments that have incurred an actual default (impaired). At Stage 3, lifetime ECL is recognized.

For the assessment of significant credit risk deterioration of non-investment grade instruments and the allocation from Stage 1 to Stage 2 (and vice versa), the Group and the Bank rely on the following two independent conditions: a) external credit rating downgrade (upgrade) since the acquisition date or b) increase (decrease) in the 12-month PD since the acquisition date. In case where an external credit rating is not available, the Group and the Bank use the internal rating evaluation.

As a parallel staging process, the Group and the Bank also monitor the bond market credit spreads evolution. Any increase in credit spreads above an indicative spread threshold since initial recognition, triggers an internal review process of the affected instruments' current staging in order to assess if the observed change of the credit spread reflects an actual change in credit risk expectations.

Default Definition

A debt security or other short-term Treasury product is regarded as defaulted and consequently allocated to Stage 3, when it has been assigned a 'Default' rating by an external credit rating agency. Furthermore, if the issuer or counterparty has additional obligations with the Bank and is in default in one of these obligations, then based on the cross-contamination rule, the instrument will be assigned to Stage 3.

Expected Credit Loss Estimation

The Group and the Bank use the following key elements to measure ECL for debt securities: Probability of Default (PD), Loss Given Default (LGD), Effective Interest rate (EIR) and Exposure at Default (EAD).

- **PD:** Can be classified in the following two categories:
  - 12-month PD, which corresponds to the estimated PD occurring within the horizon of the next 12 months and is used to compute 12-month ECL for stage 1 allocation
  - Lifetime PD, which expresses the estimated PD occurring over the remaining life of the financial asset and is used to calculate the lifetime ECL for Stage 2 allocation. For stage 3 allocation, PD = 100% is used.
- **LGD:** Defined as the fraction of the total exposure that the Bank estimates not to be able to recover in the case of default. The LGD assumption depends on the type of the issuer, level of seniority and the presence of collateral.
- **EIR:** The yield to maturity of the instrument at the time of acquisition.
- **EAD:** Defined as the total loss that the Bank may incur, from a potential default of the issuer of the financial instrument. The Bank follows a forward amortizing cost approach to calculate EAD. The EAD is estimated assuming that cash flows occurring in all future time periods will not be received and in return, the Bank will receive a recovery amount. EAD is the sum of the discounted cash flows as of the reporting date, using the EIR of the transaction.

The Group and the Bank estimate ECL as the present value of the difference between the contractual and the expected cash flows, taking into account probability of default assumptions.

Other Treasury products, including placements, nostros, other receivables and reverse repurchase agreements, generally have a very short maturity profile, in most cases less than 1 year. Hence, lifetime ECL and 12m ECL are identical. As a result, the Bank follows a more simplified approach for estimating the ECL for these products. The EAD is based only at the exposure as of the reporting date, taking into account any collateral and the ECL measurement is based on the following equation: **EAD*PD*LGD**.

The assessment for significant increase in credit risk for loans and advances to customers at amortised cost and debt securities is performed through an automated process. Any other assessment relating to significant increase in credit risk and which leads to different outcome in terms of stage allocation as defined above, will need to be approved by the Provisioning Committee at each reporting date.

The criteria for significant increase in credit risk along with respective thresholds are regularly re-examined and updated if needed, in line with the Bank's framework for Significant Increase in Credit Risk.

Purchased or Originated Credit Impaired

Purchased or originated credit impaired financial assets ("POCI assets") are financial assets that are credit-impaired on initial recognition. In contrast to credit-impaired financial assets, the corresponding assessment for POCI-assets is performed at initial recognition instead of subsequent periods.

Amounts in million euros (Unless otherwise stated)

If the loan is a POCI asset, lifetime expected credit losses are calculated, either in its recognition or at a later stage. POCI assets remain in POCI category for their entire lifetime, and are not assessed for stage allocation or any stage transfers.

Analysis of inputs to the ECL model under multiple economic scenarios

The table below shows the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The Economics and Investments Strategy Unit of the Group and the Bank produces forecasts for the possible evolution of macroeconomic variables that affect the level of expected credit losses of loan portfolios under multiple economic scenarios. When estimating the ECLs, the Management considers three scenarios and each of these are associated with different PDs and LGDs (Optimistic – Base – Pessimistic). Management has assigned the following weights in each scenario: 60% base scenario, 20% optimistic and 20% pessimistic. When relevant, the assessment of multiple economic scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure.

Group	ECL Key drivers Scenario	
31/12/2018	Assigned Probabilities	4 year average
	%	%
GDP growth		
Optimistic	20	4.4
Base	60	2.4
Pessimistic	20	0.0
Unemployment rates		
Optimistic	20	13.6
Base	60	14.7
Pessimistic	20	16.0
Price index (Residential)		
Optimistic	20	5.5
Base	60	3.3
Pessimistic	20	0.7
Price index (Non residential)		
Optimistic	20	5.2
Base	60	3.7
Pessimistic	20	2.0

Annual key economic indicators projections used in the ECL models (Base Scenario)

The expected Real GDP growth rate over the next years has remained broadly unchanged, given that the expected outcome in 2018 is close to our projection. Real GDP is expected to continue growing at over 2.2% in the coming 5 years, deeply contingent on the stability of the economic environment and on the implementation of the reforms of the economic policy. The labor market is progressively improving in the last years, as employment is following a steadily growth path and unemployment is continuously falling. This downwards path is expected to remain unchanged, converging in the long run in the steady state estimation. Both residential and non-residential price indices follow an upwards path, as the actual data for 2018 show a faster than expected recovery in the real estate market and as disposable income is gradually strengthened.

Multiple scenarios on the allowance

The following tables depict the expected credit loss per asset category based on the weighted probability of different macroeconomic scenarios, as described above. An alternative scenario in order to capture the sensitivity of the macroeconomic variables was considered with the following weights: base scenario 60% and pessimistic scenario 40%.

Amounts in million euros (Unless otherwise stated)

Group	Continuing Operations		
	ECL model analysis - Accumulated Impairment		
31/12/2018	Loans and advance to customers at amortised cost	Financial Guarantees	Irrevocalbe Undrawn Credit Commitments
ECL - Probability Weighted Outcome	13,333	119	12
Alternative scenario - Probability Weighted Outcome	13,575	120	12

Group	Discontinued Operations		
	ECL model analysis - Accumulated Impairment		
31/12/2018	Loans and advance to customers at amortised cost	Financial Guarantees	Irrevocable Undrawn Credits Commitments
ECL - Probability Weighted Outcome	63	0	1
Alternative scenario - Probability Weighted Outcome	65	0	1

Bank	ECL model analysis - Accumulated Impairment		
31/12/2018	Loans and advance to customers at amortised cost	Financial Guarantees	Irrevocable Undrawn Credits Commitments
ECL - Probability Weighted Outcome	12,785	120	12
Alternative scenario - Probability Weighted Outcome	13,023	121	12

The Group and the Bank do not utilize any internal models for estimating the PDs, LGDs or any of the staging criteria used for the ECL calculation of debt securities and other short-term Treasury products. As primary methodology for the staging and ECL calculation, the Bank relies on the assessment of external rating agencies and the published rating-mapped PDs. This approach assumes a single "average" economic state scenario, which represents the average of all possible outcomes under different scenarios of macroeconomic conditions.

Furthermore, the Group and the Bank utilize a simplified methodology for the ECL calculation of the Financial Instruments classified in Other Assets, which applies an average coverage ratio on the gross balance of the items, per stage and product/business line. The coverage ratios, provided by Piraeus Bank Credit Risk unit, are based on the ECL calculation of the Loans and Advances to Customers.

Criteria for assessing ECL allowance of Loan and advances to customers at amortised cost on an individual or collective basis

Individually Assessed

In order to better capture the expected risk, the Group and the Bank prepare a list of accounts for which an individual assessment will be performed. Assessment at individual level is performed for loans and advances to customers at amortised cost identified as individually significant, which satisfy all of the following criteria:

- They are extended to borrowers whose total loan exposure at the period end reporting date exceeded the amount of € 1 million or the equivalent in foreign currency for the Bank. Lower thresholds have been established for the subsidiaries.
- They are allocated to Stage 3

From the above perimeter, loans within the pool of loans granted to a borrower that have an outstanding balance of less than ten thousand Euros (€ 10,000) at the reporting date are excluded from the individual assessment.

Description of the ECL Calculation (Individual)

ECL is defined as the difference between all contractual cash flows that are due in accordance with the contract and all the cash flows expected to be received (i.e., all cash shortfalls), discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets). All contractual cash flows of the loan and cash flows resulting from the sale of collateral or other credit enhancements are considered.

According to IFRS 9, probability weighted scenarios are taken into account over the expected life of the financial instrument in the estimation of the ECL allowance.

The individual assessment consists of an evaluation of the amount and timing of the cash flows for each particular exposure.

Calculation of ECL under the individual assessment is defined as below:

$$ECL = \sum_{i}(IFRS\ Outstanding\ Balance - Present\ Value\ of\ the\ Recoverable\ Amount) \cdot P_i$$

Where:

- ***IFRS Outstanding Balance***: Contractual cash flows, attributable to an entity are considered.
- ***Present Value of the Recoverable Amount***: Quantification of the recoverable amount, based upon the present value of the expected future cash flows discounted to their present value.
- $\boldsymbol{P_i}$: the probability-weight of each scenario, under which the ECL amount is calculated

<u>**Collectively Assessed**</u>

The Collective Assessment is applied to all other facilities i.e. those allocated in Stages 1 and 2, as well as to those in Stage 3 which have not been subject to individual assessment.

Description of the ECL Allowance Calculation (Collective)

For the calculation of the ECL allowance for impairment on loans and advances to customers at amortised cost assessed on a collective basis, statistical methods are used, based on credit risk parameters. The equation used for the measurement of Lifetime Expected Credit Losses, for all portfolios, is depicted below:

$$LECL = \sum_{i}\left(\sum_{t}^{T} PD_t^i \times LGD_t^i \times EAD_t \times DF_t\right)P_i$$

Where:

- **Time to Maturity (T)**: Remaining time until the maturity of the loan.
- **Probability of Default (PD)**: This parameter expresses the probability of default of a financial instrument. Loans and receivables classified as Stage 1 are calculated using the 12-month PD, while those classified in Stage 2 are calculated based on PDs over the life of the facility. For Stage 3, PD=1.

- **Loss Given Default (LGD)**: This parameter defines the "expected" credit loss that arises in the event of default of a financial instrument. It is expressed as a percentage of the exposure, which if multiplied by the exposure, gives the amount of the Group and the Bank's loss at the time of the default.
- **Exposure at Default (EAD)**: This parameter defines the exposure value in the event of a default of a financial instrument. The EAD is based on the following formula:
- $EAD_t = (On - Balance\ Sheet\ Exposure)_t + (Off - Balance\ Sheet\ Exposure)_t \cdot CCF_t$
- **Credit Conversion Factor (CCF)**: This parameter converts off-balance sheet items, such as undrawn exposures, to equivalent On-Balance Sheet credit exposures.
- **Discount Factor in t (DFt)**: Factors used to discount an expected loss to a present value at the reporting date. (Effective Interest Rate – EIR)
- **Probability weighted outcome (Pi)**: the probability-weight of each scenario, under which the ECL amount is calculated.

The Group and the Bank measures ECL of a financial instrument, taking into account multiple possible outcomes. Under the collective assessment, the Group and the Bank applies three alternative scenarios, with their impact being incorporated in the risk parameters of the ECL model. Subsequently, the relevant probability weights areapplied in the ECL allowance under each scenario, leading to the probability-weighted ECL allowance.

The Economics and Investments Strategy Unit is responsible for the calculation of alternative macroeconomic scenarios (forecasts of future economic conditions that confirm the forward looking concept of the process), including the projections of relevant macroeconomic variables and the corresponding probability weights, used in the impairment calculation.

Calculation of expected future cash flows for loans and advances to Corporate lending portfolio at amortised cost

Key elements considered for the assessment of future cash flows for loans and advances to Corporate lending portfolio, at amortised cost are presented below:

- **Ongoing operating cash flows**: The operating cash flows of the obligor or guarantor, which are ongoing and eligible to use for the debt repayment.
- **Existing collateral and guarantees**: The current value of the obligor’s existing collaterals and guarantees as well as their eligibility to liquidate are assessed under a forced liquidation scenario or under a scenario of voluntary surrender or sale.
- **Binding Repayment or Settlement Agreements**: Any additional debt restructuring or settlement agreements made between the Group and the Bank and the Obligor are also taken into consideration.
- **Additional Information received by the Account Officer**: Any additional and reliable information available to the Account Officer regarding the borrower’s ability to meet contractual obligation regarding its debt to the Group and the Bank is taken account of.
- **Personal Guarantees of the obligor:** In exceptional cases, those mainly denoting exposures of prominent customers, the value of personal guarantees in favor of the obligor may be taken into consideration. Usage of such personal guarantees in the individual assessment is subject to the approval by the Provisioning Committee further to reviewing the clients’ exposures.
- **Special Administration or Reconciliation Process via Art.106, Greek law 3588/2007:** Any proceeds anticipated through the Special Administration or Reconciliation Process via Art.106

The calculation of the expected future cash flows is carried out in accordance with the following two approaches, which are defined in following sub-sections: The Going Concern Approach and Gone Concern Approach.

Going Concern Approach

Under a "going concern" scenario, the operating cash flows of the debtor, or the guarantor, continue and can be used to repay the financial debt to all creditors. The Group and the Bank are considering different approaches depending on the specific borrower when applying the going-concern assumption in determining the cash flows to be received from the operations of the borrower, as well as from the realization of Non-Core collaterals in cases where this is applicable, in the following cases:

- The estimated future cash flows based on the updated financial statements of the debtor / guarantor.
- In restructuring cases, the restructuring plans and the resulting changes to the structure of the entity
- Estimations consider potential investments that are necessary to maintain future cash flows (CAPEX)
- When cash flows are based on the realisation of some assets of the debtor, the Group and the Bank estimate the expected selling price in order to reflect the future expected cash flows derived from the sale of assets less the estimated costs associated with the realization. Collateral may be exercised to the extent it does not influence operating cash flows. In addition, where a "two-step" approach is used (i.e. period by period analysis followed by an estimation of the terminal value), a "gone concern" approach can also be assumed for the second step, involving the liquidation of collaterals.

Based on the previous information, the amount of the expected credit loss will be measured as the difference between the asset's carrying amount and the estimated future cash flows discounted at the financial asset's original effective interest rate.

Gone Concern Approach

When deciding to measure the ECL allowance on a "gone concern" basis, Management determines that the operating cash flows of the debtor cease and collateral is exercised, including any other collections that Management determines as recoverable. This could be the case when one or a combination of the below takes place:

- Future operating cash flows of the debtor are estimated to be low or negative, or / and
- Exposure is significantly collateralized, and this asset is central to cash flow generation, or / and
- There is a very significant degree of uncertainty surrounding the estimation of the future cash flows, or / and
- Insufficient information is available to perform a going concern analysis.

The sale proceeds from collateral execution are adjusted for liquidation costs and market discounts where applicable. Consideration of market valuations, expectation on collateral liquidation strategy (consensual vs. non-consensual-forced) and underlying legal framework is taken in order to determine market price discount that may need to be applied as well as time to sell assumptions.

Write-offs

The Group and the Bank, write-off debt against the ECL allowance, either in the case of irrecoverable exposures, where every effort to collect the claim has been exhausted, or when it is the optimum treatment against other alternative forbearance treatments within the framework of managing borrowers with financial difficulties or when a cash settlement agreement is considered the most favorable option. Write-offs are approved by the Bank's write-off Committee and the Board of Directors of the subsidiaries or by its authorized approval bodies.

Amounts in million euros (Unless otherwise stated)

4.3 Credit Risk Management

The below table shows the gross amounts of the Group and the Bank's credit exposures for financial instruments at amortised cost or at fair value through other comprehensive income, as well as the off balance credit exposures.

Group	Stage 1	Stage 2	Stage 3		POCI		Total
31/12/2018			Collective	Individual	Collective	Individual	
Loans and advances to credit institutions	1,120	0	0	-	0	-	**1,120**
Loans and advances to customers at amortised cost	19,221	5,894	7,766	11,683	5,934	2,593	**53,091**
Retail Lending	7,049	2,820	4,851	475	3,989	148	**19,331**
Mortgages	5,831	2,165	3,355	395	2,664	112	**14,523**
Consumer, Personal and Other	817	510	1,241	78	1,184	35	**3,865**
Credit Cards	400	145	255	1	142	1	**943**
Corporate and Public Sector Lending	12,172	3,074	2,915	11,208	1,945	2,445	**33,760**
Large Corporate	6,489	1,210	80	4,211	95	690	**12,776**
SMEs	3,961	1,863	2,834	6,986	1,847	1,754	**19,246**
Public Sector	1,722	1	1	11	3	0	**1,738**
Debt instruments measured at FVTOCI	2,095	2	-	-	-	-	**2,097**
Debt instruments measured at amortised cost	208	-	-	-	-	-	**208**
Reverse repurchase agreements	103	-	-	-	-	-	**103**
Other assets - Financial instruments	730	18	208	186	-	-	**1,142**
Total on balance sheet credit exposures	**23,477**	**5,914**	**7,974**	**11,868**	**5,934**	**2,593**	**57,761**
Financial guarantees	2,388	75	325	-	-	-	**2,788**
Letters of credit	31	0	2	-	-	-	**33**
Irrevocable undrawn credit commitments	391	63	5	0	10	-	**469**
Total off balance sheet credit exposures	**2,810**	**138**	**332**	**0**	**10**	**0**	**3,290**

Group and Bank Amounts in million euros (Unless otherwise stated)

Bank	Stage 1	Stage 2	Stage 3		POCI		Total
31/12/2018			Collective	Individual	Collective	Individual	
Loans and advances to credit institutions	1,130	-	-	-	-	-	**1,130**
Loans and advances to customers at amortised cost	20,448	6,070	7,453	11,053	5,879	2,438	**53,342**
Retail Lending	7,042	2,820	4,851	473	3,989	148	**19,323**
Mortgages	5,831	2,165	3,355	394	2,664	112	**14,521**
Consumer, Personal and Other	811	510	1,241	78	1,184	35	**3,859**
Credit Cards	400	145	255	1	142	1	**942**
Corporate and Public Sector Lending	13,407	3,250	2,603	10,580	1,889	2,290	**34,019**
Large Corporate	8,022	1,758	36	4,080	95	672	**14,663**
SMEs	3,663	1,491	2,566	6,490	1,791	1,617	**17,618**
Public Sector	1,722	1	0	10	3	0	**1,737**
Debt instruments measured at FVTOCI	2,091	2	-	-	-	-	**2,093**
Debt instruments measured at amortised cost	208	-	-	-	-	-	**208**
Reverse repurchase agreements	103	-	-	-	-	-	**103**
Other assets - Financial instruments	832	3	184	133	-	-	**1,153**
Total on balance sheet credit exposures	**24,813**	**6,075**	**7,637**	**11,187**	**5,879**	**2,438**	**58,029**
Financial guarantees	2,612	75	325	-	-	-	**3,012**
Letters of credit	30	0	2	-	-	-	**32**
Irrevocable undrawn credit commitments	434	63	5	-	10	-	**513**
Total off balance sheet credit exposures	**3,076**	**138**	**332**	**0**	**10**	**0**	**3,556**

4.3.1 Loans and advances to customers at amortised cost

The amounts of loans and advances to customers at amortised cost before ECL allowances for impairment on loans and advances to customers at amortised cost, as included in Note 25, have been reduced by the fair value adjustment, in the context of the purchase price allocation exercise of the operations acquired in the period between 2012 and 2015. Specifically, the remaining ECL allowance for impairment on loans and advances to customers at amortised cost of the Group and the Bank amounting to € 3.5 billion and € 3.4 billion respectively at 31/12/2018 relating to former ATEbank, the Greek banking operations of Cypriot Banks in Greece (Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank), Millennium Bank S.A., Geniki Bank S.A. and Panellinia Bank S.A., which at their acquisition date by Piraeus Bank amounted to € 8.1 billion and € 7.9 billion for the Group and the Bank respectively, has increased the gross balance of loans and advances to customers at amortised cost and the ECL allowance for impairment on loans and advances to customers at amortised cost respectively in the table below. As for purposes of credit risk monitoring in accordance with IFRS 7, the aforementioned adjustment is part of the ECL allowance for impairment on loans and advances to customers at amortised cost.

The table below reconciles the transition impact on Loans and advances to customers as at 31/12/2017 in accordance with IAS 39 to Loans and advances to customers at amortised cost as at 1/1/2018 in accordance with IFRS 9.

According to the provisions of IFRS 9, the gross carrying amounts of a loan and advances to a customer at amortised cost may be directly reduced when there is no reasonable expectation of recovering the exposure in its entirety or a portion thereof. Therefore, the Group and the Bank proceeds to accounting write offs in the aforementioned cases either entirely or partially. However, following these accounting write offs, these exposures are still subject to enforcement activity. The contractual amount outstanding on loans and advances to customers at amortised cost that were written off during the year 2018 amounts to € 2.1 billion.

Amounts in million euros (Unless otherwise stated)

	Group			Bank		
	Loans and advances to customers - Gross	ECL Allowance for impairment on loans and advances to customers	Loans and advances to customers	Loans and advances to customers - Gross	ECL Allowance for impairment on loans and advances to customers	Loans and advances to customers
Closing balance at 31/12/2017 with IAS 39	60,260	(15,541)	44,720	59,706	(14,821)	44,885
Transfer to Loans and advances to customers mandatorily at FVTPL	(280)	162	(118)	(280)	162	(118)
IFRS 9 FTA impact (Note 54)	-	(1,724)	(1,724)	-	(1,656)	(1,656)
Opening balance at 1/1/2018 with IFRS 9 Loans and Advances to Customers at amortised cost	**59,980**	**(17,102)**	**42,878**	**59,426**	**(16,315)**	**43,111**

Amounts in million euros (Unless otherwise stated)

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

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

Amounts in million euros (Unless otherwise stated)

Group - 1/1/2018	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit impaired Lifetime ECL	POCI Credit impaired Lifetime ECL	Total
Mortgages					
Gross carrying amount	6,464	2,650	3,097	2,972	**15,183**
Less: ECL Allowance for impairment losses	(5)	(219)	(939)	(795)	**(1,958)**
Total Mortgages	**6,458**	**2,431**	**2,158**	**2,177**	**13,225**
Consumer, Personal and Other loans					
Gross carrying amount	935	756	1,132	1,573	**4,395**
Less: ECL Allowance for impairment losses	(27)	(247)	(760)	(1,093)	**(2,127)**
Total Consumer, Personal and Other loans	**907**	**509**	**372**	**480**	**2,268**
Credit Cards					
Gross carrying amount	476	99	311	201	**1,087**
Less: ECL Allowance for impairment losses	(3)	(9)	(262)	(175)	**(449)**
Total Credit Cards	**473**	**89**	**49**	**26**	**638**
Retail Lending					
Gross carrying amount	7,874	3,505	4,540	4,746	**20,665**
Less: ECL Allowance for impairment losses	(35)	(475)	(1,960)	(2,063)	**(4,534)**
Total Retail Lending	**7,839**	**3,029**	**2,580**	**2,683**	**16,131**
Loans to Large Corporate					
Gross carrying amount	6,518	1,367	5,929	1,479	**15,293**
Less: ECL Allowance for impairment losses	(69)	(74)	(3,258)	(732)	**(4,133)**
Total Loans to Large Corporate	**6,449**	**1,293**	**2,671**	**747**	**11,160**
Loans to SMEs					
Gross carrying amount	4,665	2,048	11,024	4,520	**22,256**
Less: ECL Allowance for impairment losses	(53)	(240)	(5,567)	(2,575)	**(8,434)**
Total Loans to SMEs	**4,612**	**1,808**	**5,458**	**1,944**	**13,822**
Loans to Public Sector					
Gross carrying amount	1,690	2	36	39	**1,767**
Less: ECL Allowance for impairment losses	(1)	(0)	(0)	(0)	**(1)**
Total Loans to Public Sector	**1,689**	**1**	**36**	**39**	**1,765**
Corporate and Public Sector Lending					
Gross carrying amount	12,873	3,416	16,989	6,038	**39,316**
Less: ECL Allowance for impairment losses	(122)	(314)	(8,825)	(3,307)	**(12,569)**
Total Corporate and Public Sector Lending	**12,750**	**3,102**	**8,165**	**2,730**	**26,747**
Loans and advances to customers at amortised cost					
Gross carrying amount	20,747	6,921	21,529	10,784	**59,981**
Less: ECL Allowance for impairment losses	(157)	(790)	(10,785)	(5,370)	**(17,102)**
Total Loans and advances to customers at amortised cost	**20,589**	**6,131**	**10,744**	**5,414**	**42,878**

Amounts in million euros (Unless otherwise stated)

Bank - 31/12/2018	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit impaired Lifetime ECL	POCI Credit impaired Lifetime ECL	Total
Mortgages					
Gross carrying amount	5,831	2,165	3,749	2,776	**14,521**
Less: ECL Allowance for impairment losses	(4)	(65)	(1,003)	(750)	**(1,823)**
Total Mortgages	**5,827**	**2,100**	**2,746**	**2,026**	**12,699**
Consumer, Personal and Other loans					
Gross carrying amount	811	510	1,319	1,219	**3,859**
Less: ECL Allowance for impairment losses	(28)	(81)	(827)	(756)	**(1,691)**
Total Consumer, Personal and Other loans	**783**	**429**	**492**	**463**	**2,167**
Credit Cards					
Gross carrying amount	400	145	256	142	**942**
Less: ECL Allowance for impairment losses	(2)	(6)	(205)	(121)	**(333)**
Total Credit Cards	**398**	**139**	**51**	**21**	**609**
Retail Lending					
Gross carrying amount	7,042	2,820	5,324	4,137	**19,323**
Less: ECL Allowance for impairment losses	(34)	(152)	(2,035)	(1,626)	**(3,847)**
Total Retail Lending	**7,007**	**2,669**	**3,288**	**2,511**	**15,475**
Loans to Large Corporate					
Gross carrying amount	8,022	1,758	4,116	767	**14,663**
Less: ECL Allowance for impairment losses	(147)	(84)	(2,123)	(412)	**(2,766)**
Total Loans to Large Corporate	**7,874**	**1,674**	**1,993**	**355**	**11,897**
Loans to SMEs					
Gross carrying amount	3,663	1,491	9,056	3,409	**17,618**
Less: ECL Allowance for impairment losses	(33)	(112)	(4,132)	(1,890)	**(6,167)**
Total Loans to SMEs	**3,630**	**1,379**	**4,924**	**1,519**	**11,451**
Loans to Public Sector					
Gross carrying amount	1,722	1	11	3	**1,737**
Less: ECL Allowance for impairment losses	(1)	(0)	(3)	(0)	**(4)**
Total Loans to Public Sector	**1,722**	**1**	**7**	**3**	**1,733**
Corporate and Public Sector Lending					
Gross carrying amount	13,407	3,250	13,183	4,179	**34,019**
Less: ECL Allowance for impairment losses	(181)	(196)	(6,259)	(2,302)	**(8,938)**
Total Corporate and Public Sector Lending	**13,226**	**3,054**	**6,924**	**1,878**	**25,082**
Loans and advances to customers at amortised cost					
Gross carrying amount	20,448	6,070	18,506	8,317	**53,342**
Less: ECL Allowance for impairment losses	(215)	(348)	(8,294)	(3,928)	**(12,785)**
Total Loans and advances to customers at amortised cost	**20,233**	**5,723**	**10,213**	**4,389**	**40,557**

Amounts in million euros (Unless otherwise stated)

Bank - 1/1/2018	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit impaired Lifetime ECL	POCI Credit impaired Lifetime ECL	Total
Mortgages					
Gross carrying amount	6,351	2,629	3,074	2,972	**15,026**
Less: ECL Allowance for impairment losses	(5)	(218)	(930)	(795)	**(1,947)**
Total Mortgages	**6,346**	**2,411**	**2,144**	**2,177**	**13,078**
Consumer, Personal and Other loans					
Gross carrying amount	871	751	1,124	1,573	**4,320**
Less: ECL Allowance for impairment losses	(27)	(247)	(756)	(1,093)	**(2,122)**
Total Consumer, Personal and Other loans	**845**	**504**	**369**	**480**	**2,198**
Credit Cards					
Gross carrying amount	468	98	310	201	**1,078**
Less: ECL Allowance for impairment losses	(2)	(9)	(261)	(175)	**(448)**
Total Credit Cards	**465**	**89**	**49**	**26**	**629**
Retail Lending					
Gross carrying amount	7,690	3,478	4,509	4,746	**20,423**
Less: ECL Allowance for impairment losses	(34)	(474)	(1,947)	(2,063)	**(4,518)**
Total Retail Lending	**7,656**	**3,005**	**2,562**	**2,683**	**15,905**
Loans to Large Corporate					
Gross carrying amount	7,769	1,966	5,718	1,461	**16,913**
Less: ECL Allowance for impairment losses	(73)	(70)	(3,137)	(715)	**(3,995)**
Total Loans to Large Corporate	**7,696**	**1,896**	**2,581**	**746**	**12,918**
Loans to SMEs					
Gross carrying amount	4,181	1,670	10,174	4,301	**20,326**
Less: ECL Allowance for impairment losses	(40)	(216)	(5,113)	(2,432)	**(7,801)**
Total Loans to SMEs	**4,140**	**1,454**	**5,062**	**1,869**	**12,525**
Loans to Public Sector					
Gross carrying amount	1,688	2	35	39	**1,764**
Less: ECL Allowance for impairment losses	(1)	(0)	(0)	(0)	**(1)**
Total Loans to Public Sector	**1,687**	**1**	**35**	**39**	**1,763**
Corporate and Public Sector Lending					
Gross carrying amount	13,637	3,637	15,928	5,801	**39,003**
Less: ECL Allowance for impairment losses	(114)	(286)	(8,250)	(3,148)	**(11,797)**
Total Corporate and Public Sector Lending	**13,523**	**3,351**	**7,678**	**2,653**	**27,206**
Loans and advances to customers					
Gross carrying amount	21,327	7,116	20,437	10,547	**59,427**
Less: ECL Allowance for impairment losses	(148)	(760)	(10,197)	(5,211)	**(16,315)**
Total Loans and advances to customers at amortised cost	**21,179**	**6,356**	**10,240**	**5,337**	**43,111**

4.3.2 Credit quality per segments, industry and asset classes

The table below provides the credit quality and the value of collateral for the Group and the Bank's gross carrying amount of loan and advances to customers at amortised cost as at 31/12/2018.

Amounts in million euros (Unless otherwise stated)

31/12/2018	Group					Bank				
	Strong	Recommended	Substandard	Default	Value of collateral	Strong	Recommended	Substandard	Default	Value of collateral
Retail Lending	**6,251**	**797**	**3,233**	**9,049**	**13,379**	**6,250**	**791**	**3,233**	**9,048**	**13,372**
Mortgages	5,129	703	2,446	6,245	12,248	5,129	702	2,446	6,245	12,248
Consumer, Personal and Other	728	89	642	2,406	1,111	728	83	642	2,406	1,105
Credit Cards	394	6	145	398	20	394	6	145	398	20
Corporate Lending	**7,669**	**2,781**	**3,434**	**18,138**	**14,891**	**7,408**	**4,276**	**3,466**	**17,131**	**13,379**
Large Corporate	4,651	1,837	1,287	5,000	5,002	4,623	3,398	1,835	4,806	4,647
SMEs	3,017	944	2,147	13,137	9,889	2,785	878	1,631	12,325	8,732
Public Sector	**102**	**1,621**	**4**	**12**	**1,624**	**102**	**1,621**	**4**	**11**	**1,623**
Greece	102	1,621	4	12	1,624	102	1,621	4	11	1,623
Other countries	-	-	-	-	-	-	-	-	-	-
Total	**14,022**	**5,199**	**6,671**	**27,199**	**29,894**	**13,760**	**6,688**	**6,703**	**26,190**	**28,374**

Amounts in million euros (Unless otherwise stated)

The tables below show the Group and the Bank's ageing analysis and the year–end stage classification of the gross carrying amount per lending category:

Group	Gross loans and advances to customers at amortised cost											
31/12/2018	Current	1-30 days	31-90 days	91-180 days	181-365 days	365+ days	Denounced	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Retail Lending	**9,481**	**1,927**	**951**	**508**	**335**	**524**	**5,605**	**19,331**	**7,049**	**2,820**	**5,325**	**4,137**	**19,331**
Mortgages	7,565	1,622	757	297	222	311	3,749	**14,523**	5,831	2,165	3,750	2,776	**14,523**
Consumer, Personal and Other	1,390	290	186	205	75	213	1,506	**3,865**	817	510	1,319	1,219	**3,865**
Credit Cards	527	15	8	6	38	0	349	**943**	400	145	256	142	**943**
Corporate Lending	**16,581**	**3,440**	**1,536**	**763**	**498**	**1,007**	**8,197**	**32,022**	**10,450**	**3,073**	**14,112**	**4,387**	**32,022**
Large Corporate	8,548	1,646	602	333	149	319	1,180	**12,776**	6,489	1,210	4,292	786	**12,776**
SMEs	8,032	1,794	935	430	350	688	7,016	**19,246**	3,961	1,863	9,820	3,601	**19,246**
Public Sector	**1,726**	**5**	**0**	**0**	**0**	**0**	**7**	**1,738**	**1,722**	**1**	**3**	**11**	**1,738**
Greece	1,726	5	0	-	-	0	7	**1,738**	1,722	1	3	11	**1,738**
Other countries	-	-	-	-	-	-	-	**0**	-	-	-	-	**0**
Total	**27,788**	**5,371**	**2,488**	**1,271**	**833**	**1,531**	**13,808**	**53,091**	**19,221**	**5,894**	**19,441**	**8,535**	**53,091**
Value of collateral	**16,797**	**3,160**	**1,666**	**701**	**467**	**832**	**6,270**	**29,894**	**11,877**	**4,183**	**9,544**	**4,291**	**29,894**

Bank	Gross loans and advances to customers at amortised cost											
31/12/2018	Current	1-30 days	31-90 days	91-180 days	181-365 days	365+ days	Denounced	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Retail Lending	**9,475**	**1,926**	**951**	**508**	**335**	**524**	**5,603**	**19,323**	**7,042**	**2,820**	**5,324**	**4,137**	**19,323**
Mortgages	7,565	1,621	757	297	222	311	3,748	**14,521**	5,831	2,165	3,749	2,776	**14,521**
Consumer, Personal and Other	1,383	290	186	205	75	213	1,506	**3,859**	811	510	1,319	1,219	**3,859**
Credit Cards	526	15	8	6	38	0	349	**942**	400	145	256	142	**942**
Corporate Lending	**18,037**	**3,227**	**1,239**	**710**	**444**	**938**	**7,689**	**32,282**	**11,684**	**3,249**	**13,172**	**4,176**	**32,282**
Large Corporate	10,578	1,652	539	322	140	300	1,132	**14,663**	8,022	1,758	4,116	767	**14,663**
SMEs	7,459	1,574	700	388	304	637	6,556	**17,618**	3,663	1,491	9,056	3,409	**17,618**
Public Sector	**1,726**	**5**	**0**	**0**	**0**	**0**	**6**	**1,737**	**1,722**	**1**	**11**	**3**	**1,737**
Greece	1,726	5	0	-	-	0	6	**1,737**	1,722	1	11	3	**1,737**
Other countries	-	-	-	-	-	-	-	**0**	-	-	-	-	**0**
Total	**29,237**	**5,158**	**2,191**	**1,218**	**779**	**1,461**	**13,298**	**53,342**	**20,448**	**6,070**	**18,506**	**8,317**	**53,342**
Value of collateral	**16,186**	**2,825**	**1,370**	**627**	**457**	**791**	**6,119**	**28,374**	**11,379**	**3,840**	**8,937**	**4,218**	**28,374**

Amounts in million euros (Unless otherwise stated)

The tables below set out the credit quality per segment, industry and asset classes:

Group 31/12/2018	Gross loans and advances to customers at amortised cost						
	Stage 1	Stage 2	Stage 3		POCI		Total
			Collective	Individual	Collective	Individual	
Retail Lending	**7,049**	**2,820**	**4,851**	**475**	**3,989**	**148**	**19,331**
Corporate and Public Sector Lending	**12,172**	**3,074**	**2,915**	**11,208**	**1,945**	**2,445**	**33,760**
Financial institutions	598	63	11	830	10	46	**1,558**
Manufacturing/ Handicraft	1,825	415	456	2,201	306	385	**5,587**
Construction	515	295	348	1,675	191	378	**3,403**
Real Estate Companies	389	219	74	1,048	28	408	**2,166**
Project Finance	1,048	24	2	144	10	9	**1,237**
Wholesale and retail trade	1,547	411	943	1,670	653	373	**5,597**
Shipping Companies	799	312	0	661	1	5	**1,778**
Coastline/ Ferries Companies	30	36	0	34	-	-	**100**
Hotels	848	623	213	839	113	168	**2,804**
Agriculture	273	61	131	207	65	35	**773**
Energy	1,120	102	8	58	4	-	**1,293**
Transports & Logistics	290	99	106	670	67	70	**1,301**
Other industries	1,167	413	620	1,161	496	569	**4,425**
Public sector	1,722	1	1	11	3	0	**1,738**
Total	**19,221**	**5,894**	**7,766**	**11,683**	**5,934**	**2,593**	**53,091**

Amounts in million euros (Unless otherwise stated)

Group 31/12/2018	ECL allowance for impairments on loans and advances to customers at amortised cost						
	Stage 1	Stage 2	Stage 3		POCI		Total
			Collective	Individual	Collective	Individual	
Retail Lending	**34**	**152**	**1,811**	**225**	**1,539**	**88**	**3,848**
Corporate and Public Sector Lending	**120**	**215**	**1,324**	**5,383**	**977**	**1,466**	**9,485**
Financial institutions	12	5	5	568	5	31	**626**
Manufacturing/ Handicraft	15	27	214	1,070	154	225	**1,704**
Construction	11	24	165	862	81	190	**1,333**
Real Estate Companies	6	19	13	460	11	237	**746**
Project Finance	1	0	1	74	1	-	**77**
Wholesale and retail trade	15	37	507	797	400	205	**1,961**
Shipping Companies	3	31	0	218	0	4	**256**
Coastline/ Ferries Companies	0	0	-	12	-	-	**12**
Hotels	6	12	35	226	17	41	**337**
Agriculture	2	5	44	96	23	19	**189**
Energy	37	16	4	17	2	-	**75**
Transports & Logistics	3	5	55	253	37	57	**409**
Other industries	10	35	279	727	248	457	**1,756**
Public sector	1	0	0	3	0	0	**4**
Total	**154**	**367**	**3,135**	**5,608**	**2,516**	**1,553**	**13,333**

The below table shows the loans and advances to customers net of ECL allowance for impairment losses for the Group.

Group 31/12/2018	Loans and advances to customers at amortised cost						
	Stage 1	Stage 2	Stage 3		POCI		Total
			Collective	Individual	Collective	Individual	
Retail Lending	**7,014**	**2,669**	**3,040**	**249**	**2,451**	**61**	**15,482**
Corporate and Public Sector Lending	**12,052**	**2,858**	**1,591**	**5,825**	**968**	**979**	**24,275**
Financial institutions	586	58	6	262	5	15	**932**
Manufacturing/ Handicraft	1,810	388	242	1,131	152	160	**3,883**
Construction	505	271	183	813	111	188	**2,070**
Real Estate Companies	384	200	61	588	17	171	**1,421**
Project Finance	1,047	24	1	70	9	9	**1,160**
Wholesale and retail trade	1,532	374	436	873	252	168	**3,636**
Shipping Companies	796	282	0	443	0	0	**1,522**
Coastline/ Ferries Companies	30	36	0	22	-	-	**88**
Hotels	842	611	178	613	96	127	**2,467**
Agriculture	271	56	88	111	42	16	**584**
Energy	1,084	85	4	41	3	-	**1,218**
Transports & Logistics	288	94	51	417	30	13	**892**
Other industries	1,157	378	341	433	248	111	**2,669**
Public sector	1,722	1	0	7	3	0	**1,734**
Total	**19,067**	**5,527**	**4,631**	**6,074**	**3,419**	**1,040**	**39,757**

Amounts in million euros (Unless otherwise stated)

Bank 31/12/2018	Gross loans and advances to customers at amortised cost						
	Stage 1	Stage 2	Stage 3		POCI		Total
			Collective	Individual	Collective	Individual	
Retail Lending	**7,042**	**2,820**	**4,851**	**473**	**3,989**	**148**	**19,323**
Corporate and Public Sector Lending	**13,407**	**3,250**	**2,603**	**10,580**	**1,889**	**2,290**	**34,019**
Financial institutions	2,019	488	11	830	10	46	**3,403**
Manufacturing/ Handicraft	1,695	301	434	2,126	297	369	**5,221**
Construction	464	277	317	1,578	189	370	**3,196**
Real Estate Companies	589	188	36	925	28	348	**2,114**
Project Finance	1,071	24	2	144	10	9	**1,261**
Wholesale and retail trade	1,368	350	904	1,470	644	360	**5,094**
Shipping Companies	799	312	0	661	1	5	**1,778**
Coastline/ Ferries Companies	30	36	0	34	-	-	**100**
Hotels	810	521	127	774	103	148	**2,484**
Agriculture	262	60	125	207	65	35	**753**
Energy	1,122	93	7	58	4	-	**1,285**
Transports & Logistics	268	81	91	666	59	67	**1,232**
Other industries	1,189	519	546	1,098	477	532	**4,361**
Public sector	1,722	1	0	10	3	0	**1,737**
Total	**20,448**	**6,070**	**7,453**	**11,053**	**5,879**	**2,438**	**53,342**

Bank 31/12/2018	ECL allowance for impairments on loans and advances to customers at amortised cost						
	Stage 1	Stage 2	Stage 3		POCI		Total
			Collective	Individual	Collective	Individual	
Retail Lending	**34**	**152**	**1,811**	**224**	**1,539**	**88**	**3,847**
Corporate and Public Sector Lending	**181**	**196**	**1,261**	**4,997**	**952**	**1,350**	**8,938**
Financial institutions	15	6	5	568	5	31	**630**
Manufacturing/ Handicraft	14	25	205	1,013	150	209	**1,616**
Construction	10	24	158	805	80	184	**1,261**
Real Estate Companies	5	6	9	392	10	189	**612**
Project Finance	1	0	1	74	1	-	**77**
Wholesale and retail trade	14	33	499	660	394	195	**1,794**
Shipping Companies	3	31	0	218	0	4	**256**
Coastline/ Ferries Companies	0	0	-	12	-	-	**12**
Hotels	6	12	33	203	16	32	**303**
Agriculture	2	5	43	96	23	19	**188**
Energy	37	16	4	16	2	-	**74**
Transports & Logistics	2	5	48	250	30	54	**389**
Other industries	70	35	257	686	242	432	**1,722**
Public sector	1	0	0	3	0	0	**4**
Total	**215**	**348**	**3,072**	**5,222**	**2,491**	**1,437**	**12,785**

Amounts in million euros (Unless otherwise stated)

The below table shows the loans and advances to customers net of ECL allowance for impairment losses for the Bank.

Bank 31/12/2018	Loans and advances to customers at amortised cost						
	Stage 1	Stage 2	Stage 3		POCI		Total
			Collective	Individual	Collective	Individual	
Retail Lending	**7,007**	**2,669**	**3,040**	**249**	**2,451**	**61**	**15,475**
Corporate and Public Sector Lending	**13,226**	**3,054**	**1,341**	**5,583**	**937**	**940**	**25,082**
Financial institutions	2,004	482	6	262	5	15	**2,773**
Manufacturing/ Handicraft	1,681	276	229	1,113	147	159	**3,605**
Construction	454	253	160	773	110	186	**1,935**
Real Estate Companies	583	183	28	532	17	159	**1,502**
Project Finance	1,070	24	1	70	9	9	**1,183**
Wholesale and retail trade	1,353	317	405	809	250	165	**3,300**
Shipping Companies	796	282	0	443	0	0	**1,522**
Coastline/ Ferries Companies	30	36	0	22	-	-	**88**
Hotels	804	509	94	571	88	117	**2,182**
Agriculture	260	55	82	111	42	16	**566**
Energy	1,086	77	4	41	3	-	**1,210**
Transports & Logistics	266	76	43	416	28	13	**843**
Other industries	1,119	484	290	411	235	100	**2,639**
Public sector	1,722	1	0	7	3	0	**1,733**
Total	**20,233**	**5,723**	**4,381**	**5,832**	**3,388**	**1,001**	**40,557**

Mortgages

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's and the Bank's internal credit rating system and year - end stage classification, regarding mortgage loans. The amounts presented are gross carrying amounts of ECL allowance for impairment.

Group	Mortgages - Internal rating grade				
31/12/2018	Stage 1	Stage 2	Stage 3	POCI	Total
Strong	5,129	-	-	-	**5,129**
Recommended	703	-	-	-	**703**
Substandard	-	2,165	-	280	**2,446**
Default	-	-	3,750	2,496	**6,245**
Total Gross Balance	**5,831**	**2,165**	**3,750**	**2,776**	**14,523**
Strong	3	-	-	-	**3**
Recommended	1	-	-	-	**1**
Substandard	-	65	-	9	**75**
Default	-	-	1,004	740	**1,744**
Total ECL Allowance	**4**	**65**	**1,004**	**750**	**1,824**
Total Balance	**5,827**	**2,100**	**2,746**	**2,026**	**12,699**
Collateral held	5,323	1,897	2,867	2,161	12,248

Amounts in million euros (Unless otherwise stated)

Bank	Mortgages - Internal rating grade				
31/12/2018	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Strong	5,129	-	-	-	**5,129**
Recommended	702	-	-	-	**702**
Substandard	-	2,165	-	280	**2,446**
Default	-	-	3,749	2,496	**6,245**
Total Gross Balance	**5,831**	**2,165**	**3,749**	**2,776**	**14,521**
Strong	3	-	-	-	**3**
Recommended	1	-	-	-	**1**
Substandard	-	65	-	9	**75**
Default	-	-	1,003	740	**1,744**
Total ECL Allowance	**4**	**65**	**1,003**	**750**	**1,823**
Total Balance	**5,827**	**2,100**	**2,746**	**2,026**	**12,699**
Collateral held	5,323	1,897	2,867	2,161	**12,248**

An analysis of changes in the gross carrying amount and the corresponding ECL allowance for impairment losses in relation to the Group's Mortgages Lending portfolio is as follows:

Group	Mortgages - Movement in gross carrying amounts				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Gross carrying amount as at 31/12/2017	6,464	2,650	3,097	2,972	**15,183**
Reclassification for IFRS 9 FTA impact	(0)	0	(0)	-	**(0)**
Gross carrying amount as at 1/1/2018	**6,464**	**2,650**	**3,097**	**2,972**	**15,183**
Transfer to Discontinued Operations	(112)	(22)	(21)	-	**(155)**
New assets originated or purchased	113	24	0	-	**138**
Other Debits to the Gross Balance / Repayments	(534)	(74)	150	(220)	**(677)**
Assets sold	-	-	(0)	(1)	**(1)**
Assets derecognised (excluding write offs)	(0)	-	(3)	(2)	**(5)**
Transferred from Stage 1 to Stage 2	(550)	550	-	-	**0**
Transferred from Stage 1 to Stage 3	(112)	-	112	-	**0**
Transferred from Stage 2 to Stage 1	546	(546)	-	-	**0**
Transferred from Stage 2 to Stage 3	-	(732)	732	-	**0**
Transferred from Stage 3 to Stage 1	2	-	(2)	-	**0**
Transferred from Stage 3 to Stage 2	-	295	(295)	-	**0**
Interest due to ITG Approach A	1	7	79	72	**159**
Write-offs	(0)	(0)	(88)	(33)	**(121)**
Write-off of interest due to ITG Approach A	(0)	(1)	(30)	(20)	**(50)**
Foreign exchange adjustments	14	13	17	8	**52**
At 31/12/2018	**5,832**	**2,165**	**3,749**	**2,776**	**14,523**

Amounts in million euros (Unless otherwise stated)

Group	Mortgages - Movement in ECL allowance				
	Stage 1	Stage 2	Stage 3	POCI	Total
Accumulated allowance for impairment at 31/12/2017	6	64	951	730	**1,751**
Re-measurement for IFRS 9 FTA impact	(1)	155	(12)	65	**207**
ECL allowance as at 1/1/2018	**5**	**219**	**939**	**795**	**1,958**
Transfer to Discontinued Operations	(0)	(1)	(7)	-	**(9)**
Transferred from Stage 1 to Stage 2	(11)	11			**0**
Transferred from Stage 1 to Stage 3	(8)		8		**0**
Transferred from Stage 2 to Stage 1	1	(1)			**0**
Transferred from Stage 2 to Stage 3		(98)	98		**0**
Transferred from Stage 3 to Stage 2		12	(12)		**0**
ECL impairment charge for the year (P&L)	17	(79)	67	(14)	**(9)**
Interest due to ITG Approach A	0	1	29	21	**50**
Write-off of ECL allowance	(0)	(0)	(88)	(33)	**(121)**
Write-off of interest due to ITG Approach A	(0)	(1)	(30)	(20)	**(50)**
FX differences	0	1	6	2	**9**
Other movements	0	2	(6)	(1)	**(5)**
At 31/12/2018	**4**	**65**	**1,004**	**750**	**1,823**

An analysis of changes in the gross carrying amount and the corresponding ECL allowance for impairment losses in relation to the Bank's Mortgages Lending portfolio is as follows:

Bank	Mortgages - Movement in gross carrying amounts				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount as at 31/12/2017	6,351	2,629	3,074	2,972	**15,026**
Reclassification for IFRS 9 FTA impact	0	0	(0)	-	**0**
Gross carrying amount as at 1/1/2018	**6,351**	**2,629**	**3,074**	**2,972**	**15,026**
New assets originated or purchased	113	24	0	-	**138**
Other Debits to the Gross Balance / Repayments	(534)	(74)	150	(220)	**(677)**
Assets sold	-	-	(0)	(1)	**(1)**
Assets derecognised (excluding write offs)	(0)	-	(3)	(2)	**(5)**
Transferred from Stage 1 to Stage 2	(550)	550	-	-	**0**
Transferred from Stage 1 to Stage 3	(112)	-	112	-	**0**
Transferred from Stage 2 to Stage 1	546	(546)	-	-	**0**
Transferred from Stage 2 to Stage 3	-	(732)	732	-	**0**
Transferred from Stage 3 to Stage 1	2	-	(2)	-	**0**
Transferred from Stage 3 to Stage 2	-	295	(295)	-	**0**
Interest due to ITG Approach A	1	7	79	72	**159**
Write-offs	(0)	(0)	(86)	(33)	**(120)**
Write-off of interest due to ITG Approach A	(0)	(1)	(30)	(20)	**(50)**
Foreign exchange adjustments	14	13	17	8	**52**
At 31/12/2018	**5,832**	**2,165**	**3,748**	**2,776**	**14,521**

Amounts in million euros (Unless otherwise stated)

Bank	Mortgages - Movement in ECL allowance				
	Stage 1	Stage 2	Stage 3	POCI	Total
Accumulated allowance for impairment at 31/12/2017	6	64	943	730	**1,742**
Re-measurement for IFRS 9 FTA impact	(1)	154	(13)	65	**205**
ECL allowance as at 1/1/2018	**5**	**218**	**930**	**795**	**1,947**
Transferred from Stage 1 to Stage 2	(11)	11			**0**
Transferred from Stage 1 to Stage 3	(8)		8		**0**
Transferred from Stage 2 to Stage 1	1	(1)			**0**
Transferred from Stage 2 to Stage 3		(97)	97		**0**
Transferred from Stage 3 to Stage 1	0		(0)		**0**
Transferred from Stage 3 to Stage 2		12	(12)		**0**
ECL impairment charge for the year (P&L)	17	(79)	67	(14)	**(9)**
Interest due to ITG Approach A	0	1	29	21	**50**
Write-off of ECL allowance on loans and advances	(0)	(0)	(86)	(33)	**(120)**
Write-off of interest due to ITG Approach A	(0)	(1)	(30)	(20)	**(50)**
FX differences	0	1	6	2	**9**
Other movements	0	2	(5)	(1)	**(5)**
At 31/12/2018	**4**	**65**	**1,003**	**750**	**1,823**

Consumer, Personal & Other Lending

The table below shows the credit quality and the maximum exposure to credit risk based on the Group’s and the Bank's internal credit rating system and year end stage classification, regarding consumer, personal & Other lending. The amounts presented are gross of ECL allowance for impairment.

Group	Consumer, Personal & Other Lending - Internal rating grade				
31/12/2018	Stage 1	Stage 2	Stage 3	POCI	Total
Strong	728	-	-	-	**728**
Recommended	89	-	-	-	**89**
Substandard	-	510	-	132	**642**
Default	-	-	1,319	1,087	**2,406**
Total Gross Balance	**817**	**510**	**1,319**	**1,219**	**3,865**
Strong	26	-	-	-	**26**
Recommended	3	-	-	-	**3**
Substandard	-	81	-	37	**118**
Default	-	-	827	718	**1,546**
Total ECL Allowance	**28**	**81**	**827**	**756**	**1,692**
Total Balance	**789**	**429**	**492**	**463**	**2,174**
Collateral held	318	179	302	312	**1,111**

Amounts in million euros (Unless otherwise stated)

Bank	Consumer, Personal & Other Lending - Internal rating grade				
31/12/2018	Stage 1	Stage 2	Stage 3	POCI	Total
Strong	728	-	-	-	**728**
Recommended	83	-	-	-	**83**
Substandard	-	510	-	132	**642**
Default	-	-	1,319	1,087	**2,406**
Total Gross Balance	**811**	**510**	**1,319**	**1,219**	**3,859**
Strong	25	-	-	-	**25**
Recommended	3	-	-	-	**3**
Substandard	-	81	-	37	**118**
Default	-	-	827	718	**1,545**
Total ECL Allowance	**28**	**81**	**827**	**756**	**1,691**
Total Balance	**783**	**429**	**492**	**463**	**2,167**
Collateral held	312	179	302	312	**1,105**

An analysis of changes in the gross carrying amount and the corresponding ECL allowance for impairment losses in relation to the Group' s Consumer, Personal and Other Lending portfolio is as follows:

Group	Consumer, Personal & Other - Movement in gross carrying amounts				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount as at 31/12/2017	935	756	1,132	1,573	**4,395**
Reclassification for IFRS 9 FTA impact	0	0	0	-	**0**
Gross carrying amount as at 1/1/2018	**935**	**756**	**1,132**	**1,573**	**4,395**
Transfer to Discontinued Operations	(57)	(4)	(6)	-	**(67)**
New assets originated or purchased	117	47	2	0	**165**
Other Debits to the Gross Balance / Repayments	(193)	(24)	118	(122)	**(221)**
Assets sold	-	-	(71)	(220)	**(291)**
Transferred from Stage 1 to Stage 2	(75)	75	-	-	**0**
Transferred from Stage 1 to Stage 3	(24)	-	24	-	**0**
Transferred from Stage 2 to Stage 1	114	(114)	-	-	**0**
Transferred from Stage 2 to Stage 3	-	(302)	302	-	**0**
Transferred from Stage 3 to Stage 1	1	-	(1)	-	**0**
Transferred from Stage 3 to Stage 2	-	75	(75)	-	**0**
Interest due to ITG Approach A	1	6	76	107	**189**
Write-offs	(0)	(2)	(111)	(55)	**(169)**
Write-off of interest due to ITG Approach A	(0)	(1)	(71)	(63)	**(136)**
At 31/12/2018	**817**	**510**	**1,319**	**1,219**	**3,865**

Amounts in million euros (Unless otherwise stated)

Group	Consumer, Personal & Other - Movement in ECL allowance				
	Stage 1	Stage 2	Stage 3	POCI	Total
Accumulated allowance for impairment at 31/12/2017	28	164	655	931	**1,778**
Re-measurement for IFRS 9 FTA impact	(1)	83	104	162	**348**
ECL allowance as at 1/1/2018	**27**	**247**	**760**	**1,093**	**2,127**
Transfer to Discontinued Operations	(0)	(0)	(2)	-	**(3)**
Transferred from Stage 1 to Stage 2	(7)	7			**0**
Transferred from Stage 1 to Stage 3	(8)		8		**0**
Transferred from Stage 2 to Stage 1	10	(10)			**0**
Transferred from Stage 2 to Stage 3		(199)	199		**0**
Transferred from Stage 3 to Stage 1	0		(0)		**0**
Transferred from Stage 3 to Stage 2		13	(13)		**0**
ECL impairment charge for the year (P&L)	6	14	43	(82)	(20)
ECL impairment charge for new financial assets originated or purchased (P&L)	1	1	0	0	**2**
Recoveries of amounts previously written-off (P&L)	-	-	(8)	-	**(8)**
Interest due to ITG Approach A	0	1	72	64	**138**
Write-off of ECL allowance	(0)	(2)	(111)	(55)	**(169)**
Write-off of interest due to ITG Approach A	(0)	(1)	(71)	(63)	**(136)**
Other movements	0	11	(50)	(201)	**(239)**
At 31/12/2018	**28**	**81**	**827**	**756**	**1,692**

Amounts in million euros (Unless otherwise stated)

An analysis of changes in the gross carrying amount and the corresponding ECL allowance for impairment losses in relation to the Bank' s Consumer, Personal and Other Lending portfolio is as follows:

Bank	Consumer, Personal & Other - Movement in gross carrying amounts				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount as at 31/12/2017	871	751	1,124	1,573	**4,320**
Reclassification for IFRS 9 FTA impact	0	0	0	-	**0**
Gross carrying amount as at 1/1/2018	**871**	**751**	**1,124**	**1,573**	**4,320**
New assets originated or purchased	117	47	2	0	**165**
Other Debits to the Gross Balance / Repayments	(193)	(24)	118	(122)	**(221)**
Assets sold	-	-	(71)	(220)	**(291)**
Transferred from Stage 1 to Stage 2	(75)	75	-	-	**0**
Transferred from Stage 1 to Stage 3	(24)	-	24	-	**0**
Transferred from Stage 2 to Stage 1	114	(114)	-	-	**0**
Transferred from Stage 2 to Stage 3	-	(302)	302	-	**0**
Transferred from Stage 3 to Stage 1	1	-	(1)	-	**0**
Transferred from Stage 3 to Stage 2	-	75	(75)	-	**0**
Interest due to ITG Approach A	1	6	76	107	**189**
Write-offs	(0)	(2)	(110)	(55)	**(168)**
Write-off of interest due to ITG Approach A	(0)	(1)	(71)	(63)	**(136)**
At 31/12/2018	**811**	**510**	**1,319**	**1,219**	**3,859**

Amounts in million euros (Unless otherwise stated)

Bank	Consumer, Personal & Other - Movement in ECL allowance				
	Stage 1	Stage 2	Stage 3	POCI	Total
Accumulated allowances for impairment at 31/12/2017	27	164	652	931	**1,774**
Re-measurement for IFRS 9 FTA impact	(1)	83	104	162	**349**
ECL allowance as at 1/1/2018	**27**	**247**	**756**	**1,093**	**2,122**
Transferred from Stage 1 to Stage 2	(7)	7			**0**
Transferred from Stage 1 to Stage 3	(8)		8		**0**
Transferred from Stage 2 to Stage 1	10	(10)			**0**
Transferred from Stage 2 to Stage 3		(195)	195		**0**
Transferred from Stage 3 to Stage 2		14	(14)		**0**
ECL impairment charge for the year (P&L)	6	14	43	(82)	**(20)**
ECL impairment charge for new financial assets originated or purchased (P&L)	1	1	0	0	**2**
Recoveries of amounts previously written-off (P&L)	-	-	(8)	-	**(8)**
Interest due to ITG Approach A	0	1	72	64	**137**
Write-off of ECL allowance	(0)	(2)	(110)	(55)	**(168)**
Write-off of interest due to ITG Approach A	(0)	(1)	(71)	(63)	**(136)**
Other movements	0	6	(45)	(201)	**(239)**
At 31/12/2018	**28**	**81**	**827**	**756**	**1,691**

Credit Cards

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's and the Bank's internal credit rating system and year end stage classification. The amounts presented are gross of ECL allowances for impairment losses on credit cards.

Group	Credit Cards - Internal rating grade				
31/12/2018	Stage 1	Stage 2	Stage 3	POCI	Total
Strong	394	-	-	-	**394**
Recommended	6	-	-	-	**6**
Substandard	-	145	-	1	**145**
Default	-	-	256	142	**398**
Total Gross Balance	**400**	**145**	**256**	**142**	**943**
Strong	2	-	-	-	**2**
Recommended	0	-	-	-	**0**
Substandard	-	6	-	0	**6**
Default	-	-	205	121	**326**
Total ECL Allowance	**2**	**6**	**205**	**121**	**333**
Total Balance	**398**	**139**	**51**	**21**	**610**
Collateral held	0	0	13	7	**20**

Amounts in million euros (Unless otherwise stated)

Bank	Credit Cards - Internal rating grade				
31/12/2018	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Strong	394	-	-	-	**394**
Recommended	6	-	-	-	**6**
Substandard	-	145	-	1	**145**
Default	-	-	256	142	**398**
Total Gross Balance	**400**	**145**	**256**	**142**	**942**
Strong	2	-	-	-	**2**
Recommended	0	-	-	-	**0**
Substandard	-	6	-	0	**6**
Default	-	-	205	121	**326**
Total ECL Allowance	**2**	**6**	**205**	**121**	**333**
Total Balance	**398**	**139**	**51**	**21**	**609**
Collateral held	0	0	13	7	**20**

An analysis of changes in the gross carrying amount and the corresponding ECL allowance for impairment losses in relation to the Group's Credit Cards Lending portfolio is as follows:

Group	Credit Cards - Movement in gross carrying amounts				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Gross carrying amount as at 31/12/2017	476	99	311	201	**1,087**
Reclassification for IFRS 9 FTA impact	-	-	-	-	**0**
Gross carrying amount as at 1/1/2018	**476**	**99**	**311**	**201**	**1,087**
Transfer to Discontinued Operations	(8)	(0)	(1)	-	**(8)**
Other Debits to the Gross Balance / Repayments	(5)	(1)	(21)	(10)	**(38)**
Assets sold	-	-	(39)	(45)	**(84)**
Assets derecognised (excluding write offs)	-	-	-	-	**0**
Transferred from Stage 1 to Stage 2	(81)	81	-	-	**0**
Transferred from Stage 1 to Stage 3	(7)	-	7	-	**0**
Transferred from Stage 2 to Stage 1	24	(24)	-	-	**0**
Transferred from Stage 2 to Stage 3	-	(10)	10	-	**0**
Transferred from Stage 3 to Stage 1	0	-	(0)	-	**0**
Transferred from Stage 3 to Stage 2	-	1	(1)	-	**0**
Interest due to ITG Approach A	0	1	18	15	**34**
Write-offs	(0)	(0)	(12)	(8)	**(20)**
Write-off of interest due to ITG Approach A	(0)	(0)	(18)	(10)	**(28)**
At 31/12/2018	**400**	**145**	**256**	**142**	**943**

Amounts in million euros (Unless otherwise stated)

Group	Credit Cards - Movement in ECL allowance				
	Stage 1	Stage 2	Stage 3	POCI	Total
Accumulated allowance for impairment at 31/12/2017	3	2	236	157	**398**
Re-measurement for IFRS 9 FTA impact	(0)	7	25	19	**51**
ECL allowance as at 1/1/2018	**3**	**9**	**262**	**175**	**449**
Transfer to Discontinued Operations	(0)	(0)	(1)	-	**(1)**
Transferred from Stage 1 to Stage 2	(2)	2			**0**
Transferred from Stage 1 to Stage 3	(3)		3		**0**
Transferred from Stage 2 to Stage 1	0	(0)			**0**
Transferred from Stage 2 to Stage 3		(5)	5		**0**
Transferred from Stage 3 to Stage 1	0		(0)		**0**
Transferred from Stage 3 to Stage 2		0	(0)		**0**
ECL impairment charge for the year (P&L)	5	(1)	(19)	(5)	**(20)**
Interest due to ITG Approach A	0	0	18	10	**28**
Write-off of ECL allowance	(0)	(0)	(12)	(8)	**(20)**
Write-off of interest relating to ITG Approach A	(0)	(0)	(18)	(10)	**(28)**
Other movements	0	0	(35)	(41)	**(76)**
At 31/12/2018	**2**	**6**	**205**	**121**	**333**

An analysis of changes in the gross carrying amount and the corresponding ECL allowance for impairment losses in relation to the Bank's Credit Cards Lending portfolio is as follows:

Bank	Credit Cards - Movement in gross carrying amounts				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount as at 31/12/2017	468	98	310	201	**1,078**
Re-classification for IFRS 9 FTA impact	-	-	-	-	**0**
Gross carrying amount as at 1/1/2018	**468**	**98**	**310**	**201**	**1,078**
Other Debits to the Gross Balance / Repayments	(5)	(1)	(21)	(10)	**(37)**
Assets sold	-	-	(39)	(45)	**(84)**
Transferred from Stage 1 to Stage 2	(81)	81	-	-	**0**
Transferred from Stage 1 to Stage 3	(7)	-	7	-	**0**
Transferred from Stage 2 to Stage 1	24	(24)	-	-	**0**
Transferred from Stage 2 to Stage 3	-	(10)	10	-	**0**
Transferred from Stage 3 to Stage 1	0	-	(0)	-	**0**
Transferred from Stage 3 to Stage 2	-	1	(1)	-	**0**
Interest due to ITG Approach A	0	1	18	15	**34**
Write-offs	(0)	(0)	(12)	(8)	**(20)**
Write-off of interest due to ITG Approach A	(0)	(0)	(18)	(10)	**(28)**
At 31/12/2018	**400**	**145**	**256**	**142**	**943**

Amounts in million euros (Unless otherwise stated)

Bank	Credit Cards - Movement in ECL allowance				
	Stage 1	Stage 2	Stage 3	POCI	Total
Accumulated allowance for impairment at 31/12/2017	3	2	236	157	**397**
Re-measurement for IFRS 9 FTA impact	(0)	7	26	19	**51**
ECL allowance as at 1/1/2018	**2**	**9**	**261**	**175**	**448**
Transferred from Stage 1 to Stage 2	(2)	2			**0**
Transferred from Stage 1 to Stage 3	(3)		3		**0**
Transferred from Stage 2 to Stage 1	0	(0)			**0**
Transferred from Stage 2 to Stage 3		(5)	5		**0**
Transferred from Stage 3 to Stage 1	0		(0)		**0**
Transferred from Stage 3 to Stage 2		0	(0)		**0**
ECL impairment charge for the year (P&L)	5	(1)	(19)	(5)	**(20)**
Interest due to ITG Approach A	0	0	18	10	**28**
Write-off of ECL allowance	(0)	(0)	(12)	(8)	**(20)**
Write-off of interest due to ITG Approach A	(0)	(0)	(18)	(10)	**(28)**
Other movements	0	0	(35)	(41)	**(76)**
At 31/12/2018	**2**	**6**	**205**	**121**	**333**

Large Corporate

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's and the Bank's internal credit rating system and year - end stage classification, regarding Large Corporate loans. The amounts presented are gross of ECL allowance for impairment losses.

Group	Large Corporate - Internal rating grade				
31/12/2018	Stage 1	Stage 2	Stage 3	POCI	Total
Strong	4,651	-	-	-	**4,651**
Recommended	1,837	-	-	-	**1,837**
Substandard	-	1,210	-	77	**1,287**
Default	-	-	4,292	709	**5,000**
Total Gross Balance	**6,489**	**1,210**	**4,292**	**786**	**12,776**
Strong	36	-	-	-	**36**
Recommended	48	-	-	-	**48**
Substandard	-	85	-	2	**87**
Default	-	-	2,204	419	**2,623**
Total ECL Allowance	**84**	**85**	**2,204**	**421**	**2,794**
Total Balance	**6,405**	**1,125**	**2,088**	**364**	**9,982**
Collateral held	2,337	810	1,539	316	**5,002**

Amounts in million euros (Unless otherwise stated)

Bank	Large Corporate - Internal rating grade				
31/12/2018	Stage 1	Stage 2	Stage 3	POCI	Total
Strong	4,623	-	-	-	**4,623**
Recommended	3,398	-	-	-	**3,398**
Substandard	-	1,758	-	77	**1,835**
Default	-	-	4,116	690	**4,806**
Total Gross Balance	**8,022**	**1,758**	**4,116**	**767**	**14,663**
Strong	96	-	-	-	**96**
Recommended	51	-	-	-	**51**
Substandard	-	84	-	2	**86**
Default	-	-	2,123	410	**2,533**
Total ECL Allowance	**147**	**84**	**2,123**	**412**	**2,766**
Total Balance	**7,874**	**1,674**	**1,993**	**355**	**11,897**
Collateral held	2,107	808	1,425	307	**4,647**

An analysis of changes in the gross carrying amount and the corresponding ECL allowance for impairment losses in relation to the Group's Large Corporate Lending portfolio is as follows:

Group	Large Corporate - Movement in gross carrying amounts				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount as at 31/12/2017	6,525	1,367	6,125	1,537	**15,554**
Reclassification for IFRS 9 FTA impact	(7)	-	(196)	(59)	**(261)**
Gross carrying amount as at 1/1/2018	**6,518**	**1,367**	**5,929**	**1,479**	**15,293**
Transfer to Discontinued Operations	(169)	(135)	(159)	-	**(463)**
Transfer to Held for Sale	-	(44)	(550)	(50)	**(644)**
New assets originated or purchased	1,619	36	0	-	**1,655**
Other Debits to the Gross Balance / Repayments	(1,575)	(79)	37	(367)	**(1,984)**
Assets sold	-	-	(154)	(19)	**(173)**
Assets derecognised (excluding write offs)	(82)	(1)	(7)	(1)	**(91)**
Transferred from Stage 1 to Stage 2	(400)	400	-	-	**0**
Transferred from Stage 1 to Stage 3	(13)	-	13	-	**0**
Transferred from Stage 2 to Stage 1	547	(547)	-	-	**0**
Transferred from Stage 2 to Stage 3	-	(109)	109	-	**0**
Transferred from Stage 3 to Stage 1	-	-	-	-	**0**
Transferred from Stage 3 to Stage 2	-	313	(313)	-	**0**
Debt for equity exchange	-	-	(20)	(9)	**(30)**
Interest due to ITG Approach A	2	4	188	46	**240**
Write-offs	(0)	-	(726)	(271)	**(997)**
Write-off of interest due to ITG Approach A	(0)	(2)	(137)	(33)	**(171)**
Foreign exchange adjustments	42	7	81	11	**141**
At 31/12/2018	**6,489**	**1,210**	**4,292**	**786**	**12,776**

Amounts in million euros (Unless otherwise stated)

Group	Large Corporate - Movement in ECL allowance				
	Stage 1	Stage 2	Stage 3	POCI	Total
Accumulated allowance for impairment at 31/12/2017	84	17	3,171	730	**4,003**
Reclassification for IFRS 9 FTA impact	-	-	(114)	(41)	**(155)**
Re-measurement for IFRS 9 FTA impact	(15)	57	200	43	**285**
ECL allowance as at 1/1/2018	**69**	**74**	**3,258**	**732**	**4,133**
Transfer to Discontinued Operations	(1)	(1)	(25)	-	**(27)**
Transfer to Held for Sale	-	(9)	(312)	(27)	**(349)**
Transferred from Stage 1 to Stage 2	(11)	11			**0**
Transferred from Stage 1 to Stage 3	(0)		0		**0**
Transferred from Stage 2 to Stage 1	10	(10)			**0**
Transferred from Stage 2 to Stage 3		(10)	10		**0**
Transferred from Stage 3 to Stage 1	0		(0)		**0**
Transferred from Stage 3 to Stage 2		38	(38)		**0**
ECL impairment charge for the year (P&L)	(2)	(21)	259	(19)	**217**
ECL impairment charge for new financial assets originated or purchased (P&L)	18	6	-	-	**24**
Recoveries of amounts previously written-off (P&L)	-	-	(3)	-	**(3)**
Interest due to ITG Approach A	0	1	97	18	**116**
Write-off of ECL allowance	-	-	(726)	(271)	**(997)**
Write-off of interest due to ITG Approach A	(0)	(2)	(137)	(33)	**(171)**
Debt for equity exchange	-	-	(13)	(8)	**(21)**
FX differences	0	1	40	0	**42**
Other movements	(1)	8	(207)	30	**(171)**
At 31/12/2018	**84**	**85**	**2,204**	**421**	**2,794**

Amounts in million euros (Unless otherwise stated)

An analysis of changes in the gross carrying amount and the corresponding ECL allowance for impairment losses in relation to the Bank's Large Corporate Lending portfolio is as follows:

Bank	Large Corporate - Movement in gross carrying amounts				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount as at 31/12/2017	7,776	1,966	5,914	1,519	**17,175**
Reclassification for IFRS 9 FTA impact	(7)	-	(196)	(59)	**(261)**
Gross carrying amount as at 1/1/2018	**7,769**	**1,966**	**5,718**	**1,461**	**16,913**
Transfer to Held for Sale	-	(44)	(550)	(50)	**(644)**
New assets originated or purchased	1,547	59	-	-	**1,605**
Other Debits to the Gross Balance / Repayments	(1,735)	(170)	38	(368)	**(2,234)**
Assets sold	-	-	(153)	(19)	**(172)**
Transferred from Stage 1 to Stage 2	(757)	757	-	-	**0**
Transferred from Stage 1 to Stage 3	(13)	-	13	-	**0**
Transferred from Stage 2 to Stage 1	1,107	(1,107)	-	-	**0**
Transferred from Stage 2 to Stage 3	-	(92)	92	-	**0**
Transferred from Stage 3 to Stage 1	60	-	(60)	-	**0**
Transferred from Stage 3 to Stage 2	-	381	(381)	-	**0**
Debt for equity exchange	-	-	(20)	(9)	**(30)**
Interest due to ITG Approach A	2	4	188	46	**240**
Write-offs	(0)	-	(712)	(271)	**(983)**
Write-off of interest due to ITG Approach A	(0)	(2)	(137)	(33)	**(171)**
Foreign exchange adjustments	41	7	81	11	**140**
At 31/12/2018	**8,022**	**1,758**	**4,116**	**767**	**14,663**

Amounts in million euros (Unless otherwise stated)

Bank	Large Corporate - Movement in ECL allowance				
	Stage 1	Stage 2	Stage 3	POCI	Total
Accumulated allowance for impairment at 31/12/2017	85	20	3,059	716	**3,880**
Reclassification for IFRS 9 FTA impact	-	-	(114)	(41)	**(155)**
Re-measurement for IFRS 9 FTA impact	(12)	50	191	40	**270**
ECL allowance as at 1/1/2018	**73**	**70**	**3,137**	**715**	**3,995**
Transfer to Held for Sale	-	(9)	(312)	(27)	**(349)**
Transferred from Stage 1 to Stage 2	(11)	11	-	-	**0**
Transferred from Stage 1 to Stage 3	(0)	-	0	-	**0**
Transferred from Stage 2 to Stage 1	5	(5)	-	-	**0**
Transferred from Stage 2 to Stage 3	-	(9)	9	-	**0**
Transferred from Stage 3 to Stage 1	0	-	(0)	-	**0**
Transferred from Stage 3 to Stage 2	-	37	(37)	-	**0**
ECL impairment charge for the year (P&L)	1	(22)	260	(12)	**226**
ECL impairment charge for new financial assets originated or purchased (P&L)	18	6	-	-	**24**
Recoveries of amounts previously written-off (P&L)	-	-	(3)	-	**(3)**
Interest due to ITG Approach A	0	1	97	18	**116**
Write-off of ECL allowance	-	-	(712)	(271)	**(983)**
Write-off of interest due to ITG Approach A	(0)	(2)	(137)	(33)	**(171)**
Debt for equity exchange	-	-	(13)	(8)	**(21)**
FX differences	0	1	40	0	**42**
Other movements	60	8	(207)	30	**(110)**
At 31/12/2018	**147**	**84**	**2,123**	**412**	**2,766**

Amounts in million euros (Unless otherwise stated)

SME

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's and the Bank's internal credit rating system and year - end stage classification, regarding SME loans. The amounts presented are gross of ECL allowance for impairment.

Group	SME - Internal rating grade				
31/12/2018	Stage 1	Stage 2	Stage 3	POCI	Total
Strong	3,017	-	-	-	**3,017**
Recommended	944	-	-	-	**944**
Substandard	-	1,863	143	141	**2,147**
Default	-	-	9,677	3,460	**13,137**
Total Gross Balance	**3,961**	**1,863**	**9,820**	**3,601**	**19,246**
Strong	20	-	-	-	**20**
Recommended	16	-	-	-	**16**
Substandard	-	130	56	12	**199**
Default	-	-	4,443	2,010	**6,453**
Total ECL Allowance	**36**	**130**	**4,500**	**2,021**	**6,687**
Total Balance	**3,926**	**1,733**	**5,321**	**1,580**	**12,559**
Collateral held	2,279	1,296	4,818	1,496	**9,889**

Bank	SME - Internal rating grade				
31/12/2018	Stage 1	Stage 2	Stage 3	POCI	Total
Strong	2,785	-	-	-	**2,785**
Recommended	878	-	-	-	**878**
Substandard	-	1,491	-	140	**1,631**
Default	-	-	9,056	3,269	**12,325**
Total Gross Balance	**3,663**	**1,491**	**9,056**	**3,409**	**17,618**
Strong	18	-	-	-	**18**
Recommended	15	-	-	-	**15**
Substandard	-	112	-	10	**123**
Default	-	-	4,132	1,879	**6,012**
Total ECL Allowance	**33**	**112**	**4,132**	**1,890**	**6,167**
Total Balance	**3,630**	**1,379**	**4,924**	**1,519**	**11,451**
Collateral held	2,018	956	4,327	1,432	**8,732**

Amounts in million euros (Unless otherwise stated)

An analysis of changes in the gross carrying amount and the corresponding ECL allowance for impairment losses in relation to the Group's SME Lending portfolio is as follows:

Group	SME - Movement in gross carrying amounts				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount as at 31/12/2017	4,665	2,048	11,042	4,520	**22,274**
Reclassification for IFRS 9 FTA impact	0	0	(18)	-	**(18)**
Gross carrying amount as at 1/1/2018	**4,665**	**2,048**	**11,024**	**4,520**	**22,256**
Transfer to Discontinued Operations	(159)	(15)	(104)	-	**(278)**
Transfer to Held for Sale	-	-	(1)	-	**(1)**
New assets originated or purchased	1,171	130	61	(2)	**1,360**
Other Debits to the Gross Balance / Repayments	(1,384)	(272)	163	(508)	**(2,001)**
Assets sold	-	-	(752)	(431)	**(1,183)**
Assets derecognised (excluding write offs)	(3)	(14)	(12)	(3)	**(33)**
Transferred from Stage 1 to Stage 2	(567)	567	-	-	**0**
Transferred from Stage 1 to Stage 3	(192)	-	192	-	**0**
Transferred from Stage 2 to Stage 1	404	(404)	-	-	**0**
Transferred from Stage 2 to Stage 3	-	(509)	509	-	**0**
Transferred from Stage 3 to Stage 1	20	-	(20)	-	**0**
Transferred from Stage 3 to Stage 2	-	319	(319)	-	**0**
Interest due to ITG Approach A	4	17	451	241	**713**
Write-offs	(0)	(1)	(1,000)	(82)	**(1,083)**
Write-off of interest due to ITG Approach A	(0)	(5)	(392)	(146)	**(543)**
Foreign exchange adjustments	3	1	20	12	**37**
At 31/12/2018	**3,961**	**1,863**	**9,820**	**3,601**	**19,246**

Amounts in million euros (Unless otherwise stated)

Group	SME - Movement in ECL allowance				
	Stage 1	Stage 2	Stage 3	POCI	Total
Accumulated allowance for impairment at 31/12/2017	53	117	5,132	2,273	**7,575**
Reclassification for IFRS 9 FTA impact	-	-	(7)	-	**(7)**
Re-measurement for IFRS 9 FTA impact	(0)	123	442	302	**867**
ECL allowance as at 1/1/2018	**53**	**240**	**5,567**	**2,575**	**8,434**
Transfer to Discontinued Operations	(1)	(0)	(44)	-	**(45)**
Transferred from Stage 1 to Stage 2	(16)	16	-	-	**0**
Transferred from Stage 1 to Stage 3	(29)	-	29	-	**0**
Transferred from Stage 2 to Stage 1	6	(6)	-	-	**0**
Transferred from Stage 2 to Stage 3	-	(75)	75	-	**0**
Transferred from Stage 3 to Stage 1	1		(1)	-	**0**
Transferred from Stage 3 to Stage 2	-	40	(40)	-	**0**
ECL impairment charge for the year (P&L)	35	(82)	517	(147)	**323**
ECL impairment charge for new financial assets originated or purchased (P&L)	8	7	1	-	**16**
Interest due to ITG Approach A	0	2	261	125	**388**
Write-off of ECL allowance	(0)	(1)	(1,000)	(82)	**(1,083)**
Write-off of interest relating to ITG Approach A	(0)	(5)	(392)	(146)	**(543)**
FX differences	0	1	6	1	**8**
Other movements	(21)	(8)	(479)	(305)	**(813)**
At 31/12/2018	**35**	**130**	**4,500**	**2,021**	**6,687**

Amounts in million euros (Unless otherwise stated)

An analysis of changes in the gross carrying amount and the corresponding ECL allowance for impairment losses in relation to the Bank's SME Lending portfolio is as follows:

Bank	SME - Movement in gross carrying amounts				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount as at 31/12/2017	4,181	1,670	10,192	4,301	**20,344**
Re-classification for IFRS 9 FTA impact	0	0	(18)	-	**(18)**
Gross carrying amount as at 1/1/2018	**4,181**	**1,670**	**10,174**	**4,301**	**20,326**
Transfer to Held for Sale	-	-	(1)	-	**(1)**
New assets originated or purchased	1,098	153	14	-	**1,265**
Other Debits to the Gross Balance / Repayments	(1,344)	(245)	114	(492)	**(1,966)**
Assets sold	-	-	(751)	(431)	**(1,182)**
Assets derecognised (excluding write offs)	-	-	(0)	(2)	**(2)**
Transferred from Stage 1 to Stage 2	(486)	486	-	-	**0**
Transferred from Stage 1 to Stage 3	(179)	-	179	-	**0**
Transferred from Stage 2 to Stage 1	370	(370)	-	-	**0**
Transferred from Stage 2 to Stage 3	-	(434)	434	-	**0**
Transferred from Stage 3 to Stage 1	16	-	(16)	-	**0**
Transferred from Stage 3 to Stage 2	-	219	(219)	-	**0**
Interest due to ITG Approach A	4	17	450	241	**713**
Write-offs	(0)	(1)	(964)	(77)	**(1,043)**
Write-off of interest due to ITG Approach A	(0)	(5)	(378)	(144)	**(527)**
Foreign exchange adjustments	2	1	20	12	**35**
At 31/12/2018	**3,663**	**1,491**	**9,056**	**3,409**	**17,618**

Amounts in million euros (Unless otherwise stated)

Bank	SME - Movement in ECL allowance				
	Stage 1	Stage 2	Stage 3	POCI	Total
Accumulated allowances for impairment at 31/12/2017	40	105	4,712	2,135	**6,993**
Reclassification for IFRS 9 FTA impact	-	-	(7)	-	**(7)**
Re-measurement for IFRS 9 FTA impact	(0)	110	408	297	**815**
ECL allowance as at 1/1/2018	**40**	**216**	**5,113**	**2,432**	**7,801**
Transferred from Stage 1 to Stage 2	(15)	15	-	-	**0**
Transferred from Stage 1 to Stage 3	(21)	-	21	-	**0**
Transferred from Stage 2 to Stage 1	5	(5)	-	-	**0**
Transferred from Stage 2 to Stage 3	-	(70)	70	-	**0**
Transferred from Stage 3 to Stage 1	1	-	(1)	-	**0**
Transferred from Stage 3 to Stage 2	-	14	(14)	-	**0**
ECL impairment charge for the year (P&L)	37	(54)	513	(142)	**354**
ECL impairment charge for new financial assets originated or purchased (P&L)	8	7	1	-	**16**
Interest due to ITG approach	0	2	255	125	**382**
Write-off of ECL allowance	(0)	(1)	(964)	(77)	**(1,043)**
Write-off of interest relating to ITG Approach A	(0)	(5)	(378)	(144)	**(527)**
FX differences	0	1	6	1	**8**
Other movements	(22)	(8)	(489)	(305)	**(825)**
At 31/12/2018	**33**	**112**	**4,132**	**1,890**	**6,167**

Amounts in million euros (Unless otherwise stated)

Public Sector

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's and the Bank's internal credit rating system and year - end stage classification, regarding public sector loans. The amounts presented are gross of ECL allowance for impairment.

Group & Bank	Public Sector - Internal rating grade				
31/12/2018	Stage 1	Stage 2	Stage 3	POCI	Total
Strong	102	-	-	-	**102**
Recommended	1,621	-	-	-	**1,621**
Substandard	-	1	-	3	**4**
Default	-	-	11	1	**12**
Total Gross Balance	**1,722**	**1**	**11**	**3**	**1,738**
Strong	1	-	-	-	**1**
Recommended	0	-	-	-	**0**
Substandard	-	0	-	0	**0**
Default	-	-	4	0	**4**
Total ECL Allowance	**1**	**0**	**4**	**0**	**4**
Total Balance	**1,722**	**1**	**8**	**3**	**1,734**
Collateral held	1,619	1	4	0	**1,624**

The Group and the Bank have not granted any Public Sector Lending outside Greece.

An analysis of changes in the gross carrying amount and the corresponding ECL allowance for impairment losses in relation to the Group and the Bank's Public Sector Lending portfolio is as follows:

Group & Bank	Public Sector - Movement in gross carrying amounts				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount as at 31/12/2017	1,690	2	36	39	**1,767**
Reclassification for IFRS 9 FTA impact	-	-	-	-	**0**
Gross carrying amount as at 1/1/2018	**1,690**	**2**	**36**	**39**	**1,767**
Transfer to Discontinued Operations	(2)	-	-	-	**(2)**
Transfer to Held for Sale	-	-	-	-	**0**
New assets originated or purchased	1,829	0	-	-	**1,829**
Other Debits to the Gross Balance / Repayments	(1,793)	(2)	(12)	(36)	**(1,843)**
Assets sold	-	-	(13)	-	**(13)**
Transferred from Stage 1 to Stage 2	(1)	1	-	-	**0**
Transferred from Stage 1 to Stage 3	(1)	-	1	-	**0**
Transferred from Stage 2 to Stage 1	1	(1)	-	-	**0**
Transferred from Stage 3 to Stage 2	-	1	(1)	-	**0**
At 31/12/2018	**1,722**	**1**	**11**	**3**	**1,738**

Amounts in million euros (Unless otherwise stated)

Group & Bank	Public Sector - Movement in ECL allowance				
	Stage 1	Stage 2	Stage 3	POCI	Total
Accumulated allowance for impairment at 31/12/2017	35	0	0	0	**36**
Re-measurement for IFRS 9 FTA impact	(34)	0	(0)	0	**(34)**
ECL allowance as at 1/1/2018	**1**	**0**	**0**	**0**	**1**
ECL impairment charge for the year (P&L)	0	(0)	8	(0)	**8**
Other movements	0	0	(6)	(0)	**(5)**
At 31/12/2018	**1**	**0**	**4**	**0**	**4**

The gross carrying amount of Loans and advances for the Public sector of € 1,738 million at 31/12/2018 for the Group and the Bank includes the seasonal loan to Payment and Control Agency for Guidance and Guarantee Community AID ('OPEKEPE') of € 1,616 million (31/12/2017: € 1,646 million), which has been repaid in February 2019.

4.3.3 Collateral and other credit enhancements

Along with the evaluation of the creditworthiness of counterparties, the Group and the Bank estimate the recovery rate against exposures, when limits are set or reviewed. This estimation is based on the type of debt claim and the existence of any connected collaterals and/or guarantees.

According to standard practice, when a borrower's credit rating is low, then even stronger collaterals/ guarantees are requested, in order to secure a higher recovery rate to account for the borrowers default probability.

The Group and the Bank have defined categories of acceptable collateral and have incorporated them in their credit policy. The Group and the Bank regard collaterals as liquid assets, which are pledged to secure timely repayment of their debt claims, with limited liquidation potential. Main types of acceptable collateral are the following:

- Pledged deposits and cheques,
- Mortgages on real estate property,
- Ship mortgages,
- Greek government guarantees,
- Bank letters of guarantee,
- Guarantees by the Credit Guarantee Fund for Small and Very Small Enterprises (TEMPME),
- Pledged financial instruments such as mutual fund shares, stocks, bonds, bills and receivables.

The collateral/ security associated with a credit is initially evaluated during the credit approval process, based on their current or fair value and is re-evaluated at regular intervals. Collaterals or guarantees are not usually received against exposures to financial institutions.

Amounts in million euros (Unless otherwise stated)

Market value assessment of properties, which may secure any type of credit facilities towards individuals or legal entities, is performed in house or by external certified independent valuers. The valuations are categorized into Individual valuations on a specific property either on-site or desktop and indexed valuations performed with statistical methodology (e.g. Propindex, BoG Indexes etc.) or any other automated processes.

The Group and the Bank accept the following key valuation methodologies provided by International Valuation Standards (IVS):

a) Market approach or comparative method
b) Income approach
c) Cost Approach

The initial valuations of mortgaged properties are always performed on-site (physical inspection).

The Group and the Bank update the valuations (either with individual valuations or statistical methods) for the collateral of all exposures (irrespective of their classification as PE / NPE) at least annually.

Furthermore, the revaluation of the immovable properties is updated on an individual basis at the time the exposure is classified as non-performing (NPE) and at least annually (either through individual evaluations or statistical methods) while it continues to be classified as such.

The Group and the Bank are constantly monitoring the market conditions in the Greek real estate market either internally through macroeconomic reports of the Group’s Chief Economist, or externally through reports produced by Piraeus Real Estate and other prestigious international independent valuation firms. Changes in market conditions are considered as an important factor determining the market value of a real estate property. More volatile real estate market conditions may lead to a higher evaluation frequency.

The Group and the Bank may also obtain guarantees from parent companies for loans and advances to their subsidiaries.

Group	Fair value of collateral and credit enhancements held under the base scenario				
31/12/2018	Type of collateral or credit enhancement				
	Real estate collateral	Financial collateral	Other collateral	Total value of collateral	Guarantees received
Reverse repurchase agreements	-	9	-	9	-
Loans and advances to customers at amortised cost	25,363	838	3,693	29,894	7,958
Mortgages	12,093	42	114	12,248	0
Consumer, Personal and Other	976	50	85	1,111	0
Credit Cards	19	0	0	20	-
Large Corporate	4,104	424	474	5,002	1,919
SMEs	8,170	320	1,399	9,889	6,039
Public Sector	1	2	1,621	1,624	0
Total financial assets at amortised cost	**25,363**	**847**	**3,693**	**29,903**	**7,958**
Derivative financial instruments	-	50	-	50	-
Total financial instruments at FVTPL	**0**	**50**	**0**	**50**	**0**
Financial guarantees	105	88	75	267	766
Letters of credit	0	1	0	1	4
Total	**105**	**89**	**75**	**268**	**770**

Amounts in million euros (Unless otherwise stated)

Bank	**Fair value of collateral and credit enhancements held under the base scenario**				
31/12/2018	**Type of collateral or credit enhancement**				
	Real estate collateral	**Financial collateral**	**Other collateral**	**Total value of collateral**	**Guarantees received**
Reverse repurchase agreements	-	9	-	9	-
Loans and advances to customers at amortised cost	24,489	831	3,054	28,374	7,995
Mortgages	12,092	42	114	12,248	-
Consumer, Personal and Other	976	44	85	1,105	-
Credit Cards	19	0	0	20	-
Large Corporate	3,954	425	267	4,647	1,958
SMEs	7,447	318	967	8,732	6,037
Public Sector	1	2	1,621	1,623	0
Total financial assets at amortised cost	**24,489**	**840**	**3,054**	**28,383**	**7,995**
Derivative financial instruments	-	50	-	50	-
Total financial instruments at FVTPL	**0**	**50**	**0**	**50**	**0**
Financial guarantees	105	96	72	273	764
Letters of credit	0	1	0	1	3
Total	**105**	**97**	**72**	**274**	**767**

Furthermore, the fair value of collateral sold or repledged amounted to € 419 million as at 31/12/2018 (€ 1,790 million as at 31/12/2017). The Group and the Bank acquired the aforementioned collateral from reverse repurchase agreements or derivative transactions under the obligation to return it to the transferor and under terms that are usual and customary to standard securities lending and to derivative transactions.

The below tables provide an analysis of the current fair value of collaterals held and credit enhancements for Stage 3 loans and advances to customers at amortised cost. Dependent on the level of collateral some Stage 3 loans and advances to customers at amortised cost may not have individual ECLs when the expected value of the collateral is greater that the LGD, even if the future value of collateral is forecasted using multiple economic scenarios.

Group	**Fair value of collateral and credit enhancements of Stage 3 loans and advances to customers at amortised cost held under the base scenario**					
31/12/2018	**Type of collateral or credit enhancement**					
	Real estate collateral	**Financial collateral**	**Other collateral**	**Total value of collateral**	**Guarantees received**	**Associated ECL**
Loans and advances to customers at amortised cost	8,735	120	688	9,544	4,386	6,612
Mortgages	2,851	3	14	2,867	0	1
Consumer, Personal and Other	294	7	2	302	0	0
Credit Cards	13	0	-	13	-	0
Large Corporate	1,441	31	67	1,539	926	2,183
SMEs	4,136	80	602	4,818	3,460	4,424
Public Sector	-	-	4	4	-	4
Total loans and advances to customers at amortised cost	**8,735**	**120**	**688**	**9,544**	**4,386**	**6,612**
Financial guarantees	22	2	10	33	192	105
Letters of credit	-	-	-	-	1	0
Total	**22**	**2**	**10**	**33**	**193**	**105**

Amounts in million euros (Unless otherwise stated)

Bank 31/12/2018	Fair value of collateral and credit enhancements of Stage 3 loans and advances to customers at amortised cost held under the base scenario					
	Type of collateral or credit enhancement					
	Real estate collateral	Financial collateral	Other collateral	Total value of collateral	Guarantees received	Associated ECL
Loans and advances to customers at amortised cost	8,280	117	540	8,937	4,385	6,259
Mortgages	2,851	3	14	2,867	-	-
Consumer, Personal and Other	294	7	2	302	-	-
Credit Cards	13	0	-	13	-	-
Large Corporate	1,342	28	55	1,425	925	2,123
SMEs	3,781	80	466	4,327	3,460	4,132
Public Sector	-	-	4	4	-	3
Total loans and advances to customers at amortised cost	**8,280**	**117**	**540**	**8,937**	**4,385**	**6,259**
Financial guarantees	22	2	10	33	192	105
Letters of credit	-	-	-	-	1	0
Total	**22**	**2**	**10**	**33**	**193**	**105**

4.3.4 Credit exposure loan to value ratios of mortgage and commercial real estate lending portfolios

The below table depicts the Loan to value (LTV) ratio, which represents the relationship between the gross carrying amount of mortgage and commercial loans and advances to customers and the assessed market value of the respective residential and commercial real estate properties held as collateral (plus any other eligible collateral according to policy). A clustering of residential and commercial real estate by range of LTV is summarized as follow:

31/12/2018	Group		Bank	
	Mortgages (gross amount)	Commercial real estate loans (gross amounts)	Mortgages (gross amount)	Commercial real estate loans (gross amounts)
Less than 50%	2,815	221	2,815	221
50%-70%	2,152	106	2,152	106
71%-80%	1,094	15	1,094	15
81%-90%	1,082	8	1,082	8
91%-100%	1,042	34	1,042	34
101%-120%	1,809	66	1,809	66
121%-150%	1,864	103	1,864	103
Greater than 150%	2,664	384	2,664	384
Total exposure	**14,523**	**937**	**14,521**	**937**
Weighted Average LTV	**104.0%**	**158.8%**	**104.0%**	**158.8%**

Amounts in million euros (Unless otherwise stated)

31/12/2017	Group		Bank	
	Mortgages (gross amount)	Commercial real estate loans (gross amounts)	Mortgages (gross amount)	Commercial real estate loans (gross amounts)
Less than 50%	2,761	311	2,727	340
50%-70%	2,100	131	2,076	120
71%-80%	1,127	119	1,112	37
81%-90%	1,098	26	1,087	26
91%-100%	1,072	29	1,066	29
101%-120%	2,049	102	1,993	97
121%-150%	2,132	186	2,128	186
Greater than 150%	2,846	914	2,836	928
Total exposure	**15,183**	**1,818**	**15,026**	**1,762**
Weighted Average LTV	96%	176%	96%	181%

4.3.5 Repossessed collaterals

The repossessed collaterals presented below in line "Real estate" refer to property that is included in lines "Other Assets", "Property and equipment", "Investment property" and "Held for sale" in the Statement of Financial Position.

Group - 31/12/2018	Gross amount	Of which: added this year	Accumulated impairment or fair value adjustment	Of which: on newly added	Net amount	Net Sale Price	Net gain / losses on sale
Real estate	**1,470**	**217**	**(226)**	**(91)**	**1,244**	**58**	**2**
-Residential	346	52	(71)	(14)	275	38	3
-Commercial	1,125	165	(155)	(77)	970	20	(1)
Other collateral	**15**	**2**	**(11)**	**(4)**	**4**	**1**	**0**

Group - 31/12/2017	Gross amount	Of which: added this year	Accumulated impairment or fair value adjustment	Of which: on newly added	Net amount	Net Sale Price	Net gain / losses on sale
Real estate	**1,465**	**314**	**(242)**	**(59)**	**1,223**	**55**	**(4)**
-Residential	386	39	(84)	(21)	302	30	(2)
-Commercial	1,079	275	(158)	(38)	921	26	(2)
Other collateral	**14**	**1**	**(9)**	**(0)**	**5**	**0**	**(0)**

Amounts in million euros (Unless otherwise stated)

Bank - 31/12/2018	Gross amount	Of which: added this year	Accumulated impairment or fair value adjustment	Of which: on newly added	Net amount	Net Sale Price	Net gain / losses on sale
Real estate	**1,162**	**199**	**(142)**	**(34)**	**1,020**	**49**	**2**
-Residential	318	51	(60)	(15)	258	35	3
-Commercial	844	148	(82)	(19)	762	14	(1)
Other collateral	**0**	**-**	**-**	**-**	**0**	**-**	**-**

Bank - 31/12/2017	Gross amount	Of which: added this year	Accumulated impairment or fair value adjustment	Of which: on newly added	Net amount	Net Sale Price	Net gain / losses on sale
Real estate	**1,041**	**201**	**(143)**	**(53)**	**898**	**37**	**(3)**
-Residential	324	25	(68)	(20)	255	25	(2)
-Commercial	717	175	(74)	(33)	643	13	(2)
Other collateral	**0**	**-**	**-**	**-**	**0**	**0**	**0**

The Group and the Bank grant loans and advances to customers at amortised cost which are collateralised by property. In case that these loans and advances to customers become defaulted, the Group and the Bank proceeds to the repossession of the relevant property, when this is assessed as the best solution by the responsible, authorized for this purpose, units of the Bank and its subsidiaries. In this context, Management assesses the specific characteristics of each property (such as the type and the condition of the property, the location, the possible uses, etc), the cost for acquiring the property, as compared to the value of subsequent sale or the value in use.

The aforementioned assessment is part of the Group and the Bank's strategy and is in line with the REO (Real Estate Owned) Policy Framework and also its objectives for profitability, liquidity and capital adequacy.

For the Group and the Bank, the repossession and management of property acquired from auctions, is performed by the REO Unit (Real Estate Owned), based on the internally approved procedures. The same unit reassesses periodically the best use of the acquired property.

For the properties that are to be sold, there is a robust process in place that involves a multichannel sales approach and relevant actions are managed by the specialized subsidiary of the Group, Piraeus Real Estate, together with the REO Unit to the Bank's branch network, real estate agencies or direct sales, whereas electronic call for tenders (www.properties4sale.gr) are being performed, as well as public tenders through the press. Furthermore, rental agreements for many acquired properties are signed, when it is presumed that respective rental income is favorable for the Group and the Bank. Those rental agreements are being monitored by the Leased Property department of the same unit, who is responsible for renting such properties as well as managing the relevant rentals. Additionally, the properties portfolio of the Bank includes properties to be used by the Bank or to be rented to other subsidiaries or associates of the Group. In addition, special properties that can be utilized with further investments are examined individually.

The above mentioned activities determine the basic policy and framework for the Group’s procedures in normal conditions of the real estate market. However, Management assesses alternative scenarios for the mass sale of repossessed properties or their contribution to various investment vehicles, in cooperation with external advisors, in an attempt for the improvement of total asset return.

Moreover, in 2018 the Group repossessed equity securities amounting to € 38 million (2017: € 8 million), which have been classified in the fair value through other comprehensive income category.

4.4 Forbearance

Overview of modified and forborne loans

Management applies the "Implementing Technical Standards" ("ITS") of the European Banking Authority ("EBA") relating to forborne loans.

The alignment of the Restructuring Policy of the Group and the Bank with the relevant EBA definitions and Bank of Greece guidelines, was backed up with the creation of new structures and procedures, development of new information systems and modifications on existing applications, in order to achieve effective and reliable management of past due loans, by performing viable restructurings and monitoring the effectiveness of various types of forbearance.

Forborne loans and advances are defined as exposures arising from loans and advances to customers that have been subject to forbearance measures. The measures are considered as a concession of the Group and the Bank to a borrower who is facing or is about to face financial difficulties in fulfilling its financial obligations. Forbearance may involve modification of contractual terms and conditions and/or refinancing of debts.

Forbearance measures do not lead to derecognition unless the modification changes substantially the loan terms of the original contract.

According to the EBA Guidelines, in order for the forborne flag to be removed, all relevant criteria should apply, including the minimum required probation period (at least 2 years from the date of classification as performing exposure).

The Restructuring Business Unit ("RBU") of the Group and the Bank manages the past due loans, aiming to apply the appropriate viable restructuring solution for each customer, assuring fair treatment between customers and maximizing value for the Bank. Towards this goal, specialized tools are utilized, like "decision trees", pilot measurements and results evaluations on selected parts of the portfolios and appropriate procedures and types of restructurings are applied according to the number of days past due and the risk undertaken.

The Supervisory & NPL Management Council, which among other things, is responsible for the strategy of past due loans management, collaborates with the Risk Management Unit for the achievement of a common understanding and the development of appropriate methodologies to assess the risk of the RBU portfolio. The Risk Management Unit monitors the forbearance process and assesses the relative risks by portfolio and forbearance type.

Within Credit Risk Management Unit, there are teams responsible for monitoring the effectiveness and efficiency of the RBU in view of implementing the Bank's NPL's management strategy.

The CRO is informed at least monthly on RBU volume evolutions and is entitled to express his opinion to Risk Committee.

Amounts in million euros (Unless otherwise stated)

Credit quality of forborne loans and advances to customers at amortised cost

31/12/2018	Group			Bank		
	Loans and Advances to customers at amortised cost	Forborne Loans and Advances to customers at amortised cost	% of Forborne Loans and Advances to customers at amortised cost	Loans and Advances to customers at amortised cost	Forborne Loans and Advances to customers at amortised cost	% of Forborne Loans and Advances to customers at amortised cost
Stage 1	19,221	-	0.0%	20,448	-	0.0%
Stage 2	5,894	2,893	49.1%	6,070	2,759	45.5%
Stage 3	19,448	7,858	40.4%	18,506	7,443	40.2%
POCI	8,527	2,049	24.0%	8,317	2,054	24.7%
Total Gross exposure	**53,090**	**12,800**	**24.1%**	**53,342**	**12,256**	**23.0%**
Stage 1 ECL allowance	(154)	-	0.0%	(215)	-	0.0%
Stage 2 ECL allowance	(367)	(188)	51.2%	(348)	(185)	53.1%
Stage 3 ECL allowance	(8,743)	(2,443)	27.9%	(8,294)	(2,371)	28.6%
POCI ECL allowance	(4,069)	(553)	13.6%	(3,928)	(524)	13.4%
Total ECL allowance	**(13,333)**	**(3,185)**	**23.9%**	**(12,785)**	**(3,080)**	**24.1%**
Stage 1	19,067	-	0.0%	20,233	-	0.0%
Stage 2	5,527	2,705	48.9%	5,723	2,575	45.0%
Stage 3	10,705	5,415	50.6%	10,213	5,071	49.7%
POCI	4,458	1,495	33.5%	4,389	1,529	34.8%
Loans and advances to customers at amortised cost	**39,757**	**9,615**	**24.2%**	**40,557**	**9,176**	**22.6%**
Value of collateral	29,894	7,520	25.2%	28,374	7,090	25.0%

Group - 31/12/2017	Total amount of Loans and Advances to customers	Total amount of Forborne Loans and Advances to customers	% of Forborne Loans and Advances to customers
Neither past due nor impaired	27,836	5,292	19.0%
Past due but not impaired	4,612	1,635	35.5%
Impaired	27,812	7,847	28.2%
Total Gross exposure	**60,260**	**14,775**	**24.5%**
Individual impairment allowance	(9,902)	(2,652)	26.8%
Collective impairment allowance	(5,638)	(1,209)	21.4%
Total Allowance for impairment	**(15,541)**	**(3,861)**	**24.8%**
Loans and advances to customers	**44,720**	**10,914**	**24.4%**
Collateral received	31,870	8,501	26.7%
Loans and advances to customers less collateral value	**12,850**	**2,413**	**18.8%**

Amounts in million euros (Unless otherwise stated)

Bank - 31/12/2017	Total amount of Loans and Advances to customers	Total amount of Forborne Loans and Advances to customers	% of Forborne Loans and Advances to customers
Neither past due nor impaired	29,042	4,954	17.1%
Past due but not impaired	3,914	1,397	35.7%
Impaired	26,750	7,578	28.3%
Total Gross exposure	**59,706**	**13,929**	**23.3%**
Individual impairment allowance	(9,226)	(2,554)	27.7%
Collective impairment allowance	(5,595)	(1,199)	21.4%
Total Allowance for impairment	**(14,821)**	**(3,752)**	**25.3%**
Loans and advances to customers	**44,885**	**10,177**	**22.7%**
Collateral received	29,552	8,305	28.1%
Loans and advances to customers less collateral value	**15,333**	**1,871**	**12.2%**

Forborne loans and advances to customers at amortised cost by type of forbearance measure

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Reduced payment schedule	1,520	1,911	1,441	1,855
Payment moratorium/ Holidays	528	531	528	531
Term extension	2,550	2,852	2,543	2,746
Arrears capitalization	1,088	1,343	1,084	1,356
Hybrid (i.e. combination of measures)	3,691	4,130	3,341	3,556
Other	238	147	238	133
Total net amount	**9,615**	**10,914**	**9,176**	**10,177**

Amounts in million euros (Unless otherwise stated)

Reconciliation of forborne loans and advances to customers at amortised cost

The below table shows the reconciliation of forborne loans and advances to customers at amortised cost net of ECL allowance for impairment losses.

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Opening balance under IAS 39 (net)	**10,914**	**11,589**	**10,177**	**10,736**
Reclassification for IFRS 9 FTA Impact	(45)	-	(45)	-
Re-measurement for IFRS 9 FTA Impact	(429)	-	(426)	-
Opening balance under IFRS 9 (net)	**10,441**	**-**	**9,706**	**-**
Opening balance of discontinued operations	(146)	(48)	-	-
Forbearance measures during the year	3,011	3,660	2,975	3,577
Repayment of loans and advances (partial or total)	(879)	(813)	(851)	(734)
Loans and advances that exited forbearance status during the year	(3,225)	(3,031)	(3,067)	(2,891)
ECL allowance / Allowance for Impairment	334	(262)	348	(264)
- from continuing operations	334	(262)	-	-
- from discontinued operations	-	-	-	-
Foreign exchange differences and other movements	80	(180)	64	(248)
Closing balance (net)	**9,615**	**10,914**	**9,176**	**10,177**

Forborne loans and advances to customers at amortised cost by product line

	Group		Bank	
	Forborne Loans and Advances to customers at amortised cost at 31/12/2018	Forborne Loans and Advances to customers at 31/12/2017	Forborne Loans and Advances to customers at amortised cost at 31/12/2018	Forborne Loans and Advances to customers at 31/12/2017
Retail lending	**4,350**	**4,651**	**4,350**	**4,638**
Mortgage	3,702	3,887	3,702	3,877
Consumer, Personal and Other	648	763	648	761
Credit cards	-	-	-	-
Corporate lending	**5,258**	**6,255**	**4,819**	**5,530**
Large Corporate	1,681	2,525	1,591	2,245
SME's	3,577	3,729	3,228	3,285
Public sector	**7**	**9**	**7**	**9**
Greece	7	9	7	9
Other Countries	-	-	-	-
Total net amount	**9,615**	**10,914**	**9,176**	**10,177**

Amounts in million euros (Unless otherwise stated)

Forborne loans and advances to customers by geographical region

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Greece	9,578	10,766	9,154	10,120
Rest of Europe	37	149	22	57
Total net amount	**9,615**	**10,914**	**9,176**	**10,177**

4.5 Debt to equity transactions

In certain cases of debt restructuring agreements, the Bank participates in debt to equity transactions in an effort to make the businesses viable, so that they can meet their obligations to the Bank. The debt to equity transactions refer to renegotiation of the terms of the loan by the borrower and the Bank, aiming to the full or partial reduction of the debt with the parallel issue of the borrower's equity to the Bank. Such debt restructuring agreements, result to the Bank's control or significant influence or minority shareholding over the borrower.

Debt to equity transactions that took place during 2018 and 2017 are as follows:

	2018			
S/N	Company	% Holding	Date of acquisition	Cost of acquisition
1	DANAOS CORPORATION	2.4%	10/8/2018	7
2	LION RENTAL S.A.	0.4%	20/12/2018	0

	2017			
S/N	Company	% Holding	Date of acquisition	Cost of acquisition
1	APE INVESTMENT PROPERTY S.A.	1.7%	31/10/2017	11
2	ELTER S.A.	15.4%	13/11/2017	3

4.6 Debt securities at amortised cost and debt instruments measured at FVTOCI

The tables below present an analysis of debt instruments rating based on Standard and Poor's ratings and year-end stage classification:

Group	External rating grade of debt instruments measured at FVTOCI				
31/12/2018	Stage 1	Stage 2	Stage 3	POCI	Total
BB- to BB+	70	-	-	-	**70**
Lower than BB-	2,017	-	-	-	**2,017**
Unrated	8	2	-	-	**10**
Total	**2,095**	**2**	**0**	**0**	**2,097**

Amounts in million euros (Unless otherwise stated)

Bank	External rating grade of debt instruments measured at FVTOCI				
31/12/2018	Stage 1	Stage 2	Stage 3	POCI	Total
BB- to BB+	70	-	-	-	**70**
Lower than BB-	2,013	-	-	-	**2,013**
Unrated	8	2	-	-	**10**
Total	**2,091**	**2**	**0**	**0**	**2,093**

The table below presents an analysis of debt securities at amortised cost for the Group and the Bank per rating grade based on Standard and Poor's ratings.

Group & Bank	External rating grade of debt instruments at amortised cost						
31/12/2018	Stage 1	Stage 2	Stage 3	POCI	Total	ECL Allowance	Total
BBB- to BBB+	203	-	-	-	**203**	0	203
BB- to BB+	5	-	-	-	**5**	0	5
Total	**208**	**0**	**0**	**0**	**208**	0	208

4.7 Concentration of risks of financial assets with credit risk exposure

Geographical sector

The following table breaks down the carrying amounts of financial assets, which are exposed to credit risk. The credit risk exposure is based on the country of domicile of the Group.

Amounts in million euros (Unless otherwise stated)

Group 31/12/2018	Gross carrying amounts										
	Greece					Other Countries					Grand Total
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
Loans and advances to credit institutions	972	0	0	-	**972**	148	-	-	-	**148**	**1,120**
Reverse repos with customers	103	-	-	-	**103**	-	-	-	-	**0**	**103**
Loans and advances to customers at amortised cost	19,046	5,756	18,345	8,527	**51,674**	175	138	1,103	-	**1,416**	**53,091**
Retail Lending	7,036	2,736	5,251	4,137	**19,160**	13	84	74	-	**171**	**19,331**
Mortgages	5,829	2,133	3,736	2,776	**14,474**	2	32	14	-	**49**	**14,523**
Consumer, Personal and Other	807	458	1,260	1,219	**3,744**	10	52	60	-	**121**	**3,865**
Credit cards	400	145	256	142	**942**	0	0	0	-	**1**	**943**
Corporate and Public Sector Lending	12,011	3,019	13,094	4,390	**32,514**	162	54	1,029	-	**1,245**	**33,760**
Large Corporate	6,414	1,190	4,017	786	**12,406**	75	20	274	-	**370**	**12,776**
SMEs	3,874	1,829	9,066	3,601	**18,370**	87	34	755	-	**876**	**19,246**
Public Sector	1,722	1	11	3	**1,738**	-	-	-	-	**0**	**1,738**
Financial assets at FVOCI	2,091	2	-	-	**2,093**	4	-	-	-	**4**	**2,097**
Debt securities at amortised cost	208	-	-	-	**208**	-	-	-	-	**0**	**208**
Other assets - Financial Instruments	712	27	393	-	**1,132**	0	5	4	-	**9**	**1,142**
Total	**23,133**	**5,784**	**18,738**	**8,527**	**56,183**	**327**	**143**	**1,107**	**0**	**1,578**	**57,761**

Amounts in million euros (Unless otherwise stated)

Bank 31/12/2018	Gross carrying amounts										
	Greece					Other Countries					Grand Total
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
Loans and advances to credit institutions	1,095	-	-	-	**1,095**	36	-	-	-	**36**	**1,130**
Reverse repos with customers	103	-	-	-	**103**	-	-	-	-	**0**	**103**
Loans and advances to customers at amortised cost	20,070	5,923	17,478	8,317	**51,787**	379	147	1,029	-	**1,554**	**53,342**
Retail Lending	7,030	2,736	5,251	4,137	**19,154**	12	84	73	-	**168**	**19,323**
Mortgages	5,829	2,133	3,736	2,776	**14,474**	2	32	13	-	**48**	**14,521**
Consumer, Personal and Other	801	458	1,260	1,219	**3,738**	10	52	59	-	**121**	**3,859**
Credit cards	400	145	256	142	**942**	-	-	-	-	**0**	**942**
Corporate and Public Sector Lending	13,040	3,187	12,227	4,179	**32,633**	367	63	956	-	**1,386**	**34,019**
Large Corporate	7,711	1,712	3,843	767	**14,034**	311	46	273	-	**630**	**14,663**
SMEs	3,607	1,474	8,373	3,409	**16,862**	56	17	683	-	**756**	**17,618**
Public Sector	1,722	1	11	3	**1,737**	-	-	-	-	**0**	**1,737**
Financial assets at FVOCI	2,091	2	-	-	**2,093**	-	-	-	-	**0**	**2,093**
Debt securities at amortised cost	208	-	-	-	**208**	-	-	-	-	**0**	**208**
Other assets - Financial Instruments	832	3	317	-	**1,153**	-	-	-	-	**0**	**1,153**
Total	**24,399**	**5,928**	**17,795**	**8,317**	**56,439**	**414**	**147**	**1,029**	**0**	**1,590**	**58,029**

Amounts in million euros (Unless otherwise stated)

Industry Sector

The following table breaks down the gross carrying amounts per industry sector of the Group's financial assets that are exposed to credit risk. The allocation has been made according to the business sector of each counterparty.

Group	Gross carrying amounts - Industry sectors															
31/12/2018	Financial Institutions	Manufacturing / Handicraft	Construction	Real Estate Companies	Project Finance	Wholesale and retail trade	Public sector	Shipping Companies	Coastline/ Ferries Companies	Hotels	Agriculture	Energy	Transport & Logistics	Other industries	Individuals	Total
Loans and advances to credit institutions	1,120	-	-	0	-	-	0	-	-	-	-	0	-	0	-	**1,120**
Reverse repos with customers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	103	**103**
Loans and advances to customers at amortised cost	1,558	5,587	3,403	2,166	1,237	5,597	1,738	1,778	100	2,804	773	1,293	1,301	4,425	19,331	**53,091**
Retail lending	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,331	**19,331**
Mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,523	**14,523**
Consumer, Personal and Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,865	**3,865**
Credit cards	-	-	-	-	-	-	-	-	-	-	-	-	-	-	943	**943**
Corporate and Public Sector Lending	1,558	5,587	3,403	2,166	1,237	5,597	1,738	1,778	100	2,804	773	1,293	1,301	4,425	-	**33,760**
Large Corporate	1,407	1,430	948	875	1,124	819	-	1,778	100	981	42	1,047	709	1,517	-	**12,775**
SMEs	151	4,158	2,455	1,291	114	4,778	-	-	-	1,823	732	245	592	2,907	-	**19,247**
Public Sector	-	-	-	-	-	-	1,738	-	-	-	-	-	-	-	-	**1,738**
Financial assets at FVOCI	66	-	-	-	-	5	2,002	-	-	-	-	-	-	24	-	**2,097**
Debt secutities at amortised cost	-	-	-	-	-	-	208	-	-	-	-	-	-	-	-	**208**
Other assets - Financial Instruments	55	47	12	6	-	22	346	1	-	0	0	4	0	496	152	**1,142**
Total	**2,798**	**5,634**	**3,415**	**2,172**	**1,237**	**5,624**	**4,295**	**1,779**	**100**	**2,804**	**773**	**1,297**	**1,301**	**4,944**	**19,586**	**57,761**
Stage 1	1,837	1,829	516	390	1,048	1,559	4,264	799	30	848	273	1,125	290	1,399	7,259	**23,467**
Stage 2	63	430	295	219	24	416	1	313	36	623	61	102	99	421	2,820	**5,922**
Stage 3	843	2,685	2,035	1,128	146	2,623	26	661	35	1,052	338	66	776	2,060	5,370	**19,844**
POCI	55	690	569	436	19	1,025	3	5	-	281	101	4	136	1,064	4,137	**8,527**
Total	**2,798**	**5,634**	**3,415**	**2,172**	**1,237**	**5,624**	**4,295**	**1,779**	**100**	**2,804**	**773**	**1,297**	**1,301**	**4,944**	**19,586**	**57,761**

The gross carrying amount of Loans and advances for the Public sector of € 1,738 million at 31/12/2018 for the Group includes the seasonal loan to Payment and Control Agency for Guidance and Guarantee Community AID ('OPEKEPE') of € 1,616 million (31/12/2017: € 1,646 million), which has been repaid in February 2019.

Amounts in million euros (Unless otherwise stated)

The following table breaks down the gross carrying amounts per industry sector of the Bank's financial assets that are exposed to credit risk. The allocation has been made according to the business sector of each counterparty.

Bank	**Gross carrying amounts - Industry sectors**															
31/12/2018	**Financial Institutions**	**Manufacturing / Handicraft**	**Construction**	**Real Estate Companies**	**Project Finance**	**Wholesale and retail trade**	**Public sector**	**Shipping Companies**	**Coastline/ Ferries Companies**	**Hotels**	**Agriculture**	**Energy**	**Transport & Logistics**	**Other industries**	**Individuals**	**Total**
Loans and advances to credit institutions	1,130	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**1,130**
Reverse repos with customers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	103	**103**
Loans and advances to customers at amortised cost	3,403	5,221	3,196	2,114	1,261	5,094	1,737	1,778	100	2,484	753	1,285	1,232	4,361	19,323	**53,342**
Retail lending	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,323	**19,323**
Mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,521	**14,521**
Consumer, Personal and Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,859	**3,859**
Credit cards	-	-	-	-	-	-	-	-	-	-	-	-	-	-	942	**942**
Corporate and Public Sector Lending	3,403	5,221	3,196	2,114	1,261	5,094	1,737	1,778	100	2,484	753	1,285	1,232	4,361	-	**34,019**
Large Corporate	3,252	1,287	909	1,119	1,147	664	-	1,778	100	881	38	1,068	709	1,713	-	**14,663**
SMEs	151	3,935	2,287	995	114	4,430	-	-	-	1,604	715	217	524	2,648	-	**17,618**
Public Sector	-	-	-	-	-	-	1,737	-	-	-	-	-	-	-	-	**1,737**
Financial assets at FVOCI	62	-	-	-	-	5	2,002	-	-	-	-	-	-	24	-	**2,093**
Debt secutities at amortised cost	-	-	-	-	-	-	208	-	-	-	-	-	-	-	-	**208**
Other assets - Financial Instruments	60	1	-	8	-	-	326	1	-	-	-	1	-	643	115	**1,153**
Total	**4,656**	**5,222**	**3,196**	**2,122**	**1,261**	**5,099**	**4,274**	**1,778**	**100**	**2,484**	**753**	**1,285**	**1,232**	**5,027**	**19,540**	**58,029**
Stage 1	3,269	1,695	464	589	1,071	1,373	4,244	799	30	810	262	1,123	268	1,564	7,252	**24,813**
Stage 2	488	301	277	188	24	350	1	312	36	521	60	93	81	524	2,820	**6,075**
Stage 3	843	2,561	1,896	969	146	2,373	25	661	35	901	332	65	757	1,930	5,331	**18,824**
POCI	55	666	560	376	19	1,004	3	5	-	252	100	4	126	1,010	4,137	**8,317**
Total	**4,656**	**5,222**	**3,196**	**2,122**	**1,261**	**5,099**	**4,274**	**1,778**	**100**	**2,484**	**753**	**1,285**	**1,232**	**5,027**	**19,540**	**58,029**

The gross carrying amount of Loans and advances for the Public sector of € 1,737 million at 31/12/2018 for the Bank includes the seasonal loan to Payment and Control Agency for Guidance and Guarantee Community AID ('OPEKEPE') of € 1,616 million (31/12/2017: € 1,646 million), which has been repaid in February 2019.

Amounts in million euros (Unless otherwise stated)

The following table breaks down the nominal amounts of off-balance sheet items per industry sector of the Group and the Bank's financial assets that are exposed to credit risk. The allocation has been made according to the business sector of each counterparty.

Group	**Nominal Amounts of Off Balance Sheet Items - Industry sectors**															
31/12/2018	**Financial Institutions**	**Manufacturing / Handicraft**	**Construction**	**Real Estate Companies**	**Project Finance**	**Wholesale and retail trade**	**Public sector**	**Shipping Companies**	**Coastline/ Ferries Companies**	**Hotels**	**Agriculture**	**Energy**	**Transport & Logistics**	**Other industries**	**Individuals**	**Total**
Letters of Guarantee	1,087	284	821	23	-	184	-	-	-	56	6	94	52	181	-	**2,788**
Letters of Credit	0	8	-	-	-	11	-	-	-	-	0	-	-	15	-	**33**
Irrevocable undrawn credit commitments	38	10	10	23	16	27	0	9	-	96	41	38	5	82	74	**469**
Balance at 31/12/2018	**1,125**	**301**	**831**	**46**	**16**	**221**	**0**	**9**	**0**	**152**	**48**	**133**	**57**	**277**	**74**	**3,290**
Stage 1	1,123	254	552	35	16	199	0	9	-	127	31	130	55	221	59	**2,810**
Stage 2	1	3	56	7	-	3	-	-	-	13	12	2	1	28	13	**138**
Stage 3	2	44	223	4	-	19	-	-	-	12	2	1	1	23	1	**332**
POCI	-	0	-	-	-	0	-	-	-	0	2	0	0	6	1	**10**
Total	**1,125**	**301**	**831**	**46**	**16**	**221**	**0**	**9**	**0**	**152**	**48**	**133**	**57**	**277**	**74**	**3,290**

Bank	**Nominal Amounts of Off Balance Sheet Items - Industry sectors**															
	Financial Institutions	**Manufacturing / Handicraft**	**Construction**	**Real Estate Companies**	**Project Finance**	**Wholesale and retail trade**	**Public sector**	**Shipping Companies**	**Coastline/ Ferries Companies**	**Hotels**	**Agriculture**	**Energy**	**Transport & Logistics**	**Other industries**	**Individuals**	**Total**
Letters of Guarantee	1,224	284	821	106	-	180	-	-	-	56	6	94	52	189	-	**3,012**
Letters of Credit	0	8	-	-	-	9	-	-	-	-	0	-	-	15	-	**32**
Irrevocable undrawn credit commitments	83	10	10	23	16	27	0	9	-	96	41	38	5	82	72	**513**
Balance at 31/12/2018	**1,307**	**301**	**831**	**129**	**16**	**216**	**0**	**9**	**0**	**152**	**48**	**133**	**57**	**286**	**72**	**3,556**
Stage 1	1,305	254	552	118	16	193	0	9	-	127	31	130	55	229	57	**3,076**
Stage 2	1	3	56	7	-	3	-	-	-	13	12	2	1	28	13	**138**
Stage 3	2	44	223	4	-	19	-	-	-	12	2	1	1	23	1	**332**
POCI	-	0	-	-	-	0	-	-	-	0	2	0	0	6	1	**10**
Total	**1,307**	**301**	**831**	**129**	**16**	**216**	**0**	**9**	**0**	**152**	**48**	**133**	**57**	**286**	**72**	**3,556**

Amounts in million euros (Unless otherwise stated)

4.8 Credit Risk Management during the year 2017

Below we set out all the necessary notes supporting the comparative figures as at 31/12/2017 based on IAS 39.

The gross carrying amounts of loans and advances to credit institutions, reverse repos with customers as well as debt securities receivables are summarised as follows:

	Group			Bank		
31/12/2017	Loans and advances to credit institutions	Reverse repos with customers	Debt securities at amortised cost	Loans and advances to credit institutions	Reverse repos with customers	Debt securities at amortised cost
Loans and advances neither past due nor impaired	2,148	90	23	2,092	89	23
Loans and advances past due but not impaired	-	-	-	-	-	-
Impaired loans and advances	-	-	-	-	-	0
Total	**2,148**	**90**	**23**	**2,092**	**89**	**23**

The following tables present "Loans and advances to credit institutions" and "Reverse repos with customers" by asset quality for category neither past due nor impaired:

Grades of loans and advances to credit institutions	Group 31/12/2017	Bank 31/12/2017
Investment monitoring	1,801	1,715
Standard monitoring	315	0
Special monitoring	32	376
Total	**2,148**	**2,092**

Grades of reverse repos with customers	Group 31/12/2017	Bank 31/12/2017
Standard monitoring	90	89
Total	**90**	**89**

The gross, as well as the net amounts of debt securities at amortised cost are depicted in the following table. The rating of debt securities at amortised cost is found below under "Debt securities and other eligible bills".

	Group 31/12/2017	Bank 31/12/2017
Debt securities at amortised cost- gross	23	23
Less: Allowance for impairment on debt securities at amortised cost	-	-
Debt securities at amortised cost	**23**	**23**

Amounts in million euros (Unless otherwise stated)

Loans and advances to customers are summarised as follows:

Group 31/12/2017	Loans and advances to customers before provisions and fair value adjustments	Individual allowance for impairment of loans and advances	Collective allowance for impairment of loans and advances	Total allowance for impairment of loans and advances	Loans and advances to customers
Loans and advances neither past due nor impaired	27,836	-	(565)	(565)	**27,270**
Loans and advances past due but not impaired	4,612	-	(179)	(179)	**4,433**
Impaired loans and advances	27,812	(9,902)	(4,894)	(14,796)	**13,016**
Total	**60,260**	**(9,902)**	**(5,638)**	**(15,541)**	**44,720**

Bank 31/12/2017	Loans and advances to customers before provisions and fair value adjustments	Individual allowance for impairment of loans and advances	Collective allowance for impairment of loans and advances	Total allowance for impairment of loans and advances	Loans and advances to customers
Loans and advances neither past due nor impaired	29,042	-	(563)	(563)	**28,479**
Loans and advances past due but not impaired	3,914	-	(142)	(142)	**3,771**
Impaired loans and advances	26,750	(9,226)	(4,890)	(14,116)	**12,635**
Total	**59,706**	**(9,226)**	**(5,595)**	**(14,821)**	**44,885**

It is noted that the amounts of loans and advances to customers before allowances for impairment on loans and advances to customers have been reduced by the fair value adjustment, in the context of the purchase price allocation exercise of the operations acquired in the period 2012 to 2015. Specifically, the remaining allowance for impairment on loans and advances to customers of the Group and the Bank amounting to € 5.8 billion and € 5.6 billion respectively as at 31/12/2017 relating to former ATEbank, the Greek banking operations of Cypriot Banks in Greece (Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank), Millennium Bank S.A., Geniki Bank S.A. and Panellinia Bank S.A., which at their acquisition date by Piraeus Bank amounted to € 8.1 billion and € 7.9 billion for the Group and the Bank respectively has increased the gross balance of loans and advances to customers and the allowance for impairment on loans and advances to customers respectively in the table above. As for purposes of credit risk monitoring in accordance with IFRS 7 (Note 4), as well as for the presentation of Business Segments (Note 5) in accordance with IFRS 8, the aforementioned adjustment is part of the allowance for impairment on loans and advances to customers.

Amounts in million euros (Unless otherwise stated)

Loans and advances to customers by asset quality (impaired or non – impaired - value of collateral)

Group	Non impaired loans and advances to customers		Impaired loans and advances to customers			Impairment Allowance				
31/12/2017	Neither past due nor impaired	Past due but not impaired	Individually assessed	Collectively assessed	Gross Loans and advances to customers including PPA adjustment	Individually assessed	Collectively assessed	Allowance for impairment on loans and advances to customers including PPA adjustment	Loans and advances to customers	Value of collateral
Retail Lending	**10,150**	**1,685**	**406**	**8,424**	**20,665**	**(267)**	**(3,660)**	**(3,927)**	**16,738**	**12,837**
Mortgages	8,119	1,354	281	5,429	15,183	(193)	(1,558)	(1,751)	13,432	11,650
Consumer	1,477	310	124	2,483	4,394	(74)	(1,704)	(1,778)	2,616	1,187
Credit cards	554	21	0	511	1,087	(0)	(398)	(398)	689	0
Other	0	-	0	1	1	(0)	(0)	(1)	1	0
Corporate Lending	**15,927**	**2,925**	**15,343**	**3,634**	**37,828**	**(9,635)**	**(1,943)**	**(11,578)**	**26,251**	**17,375**
Large	8,945	805	5,717	89	15,556	(3,796)	(209)	(4,005)	11,551	6,209
SMEs	6,982	2,120	9,626	3,545	22,272	(5,839)	(1,734)	(7,573)	14,700	11,167
Public Sector	**1,759**	**1**	**7**	**0**	**1,767**	**(0)**	**(35)**	**(36)**	**1,731**	**1,657**
Greece	1,757	1	7	0	1,765	(0)	(35)	(36)	1,729	1,655
Other countries	2	-	-	-	2	-	-	-	2	2
Total	**27,836**	**4,612**	**15,755**	**12,057**	**60,260**	**(9,902)**	**(5,638)**	**(15,541)**	**44,720**	**31,870**

Bank	Non impaired loans and advances to customers		Impaired loans and advances to customers			Impairment Allowance				
31/12/2017	Neither past due nor impaired	Past due but not impaired	Individually assessed	Collectively assessed	Gross Loans and advances to customers including PPA adjustment	Individually assessed	Collectively assessed	Allowance for impairment on loans and advances to customers including PPA adjustment	Loans and advances to customers	Value of collateral
Retail Lending	**9,970**	**1,650**	**389**	**8,415**	**20,423**	**(258)**	**(3,654)**	**(3,912)**	**16,511**	**12,661**
Mortgages	8,008	1,326	269	5,423	15,026	(187)	(1,555)	(1,742)	13,284	11,503
Consumer	1,415	304	120	2,481	4,319	(71)	(1,702)	(1,773)	2,546	1,158
Credit cards	547	20	-	511	1,078	-	(397)	(397)	681	-
Other	0	-	-	0	1	-	-	-	1	-
Corporate Lending	**17,315**	**2,263**	**14,307**	**3,633**	**37,519**	**(8,967)**	**(1,906)**	**(10,874)**	**26,645**	**15,236**
Large	10,927	649	5,511	89	17,176	(3,673)	(208)	(3,881)	13,295	5,393
SMEs	6,388	1,614	8,796	3,545	20,343	(5,294)	(1,698)	(6,993)	13,350	9,843
Public Sector	**1,756**	**1**	**6**	**0**	**1,764**	**(0)**	**(35)**	**(35)**	**1,729**	**1,655**
Total	**29,042**	**3,914**	**14,702**	**12,048**	**59,706**	**(9,226)**	**(5,595)**	**(14,821)**	**44,885**	**29,552**

Retail Credit loans and advances to customers are classified as impaired when according to the CRR Default definition (Capital Requirements Regulation, EU 575/2013), one or both of the following criteria apply:

- The exposure is more than 90 days past due on any material credit obligation to the Bank or its subsidiaries.
- The exposure is considered as unlikely to pay (UTP) its obligations to the Group or the Bank.

Amounts in million euros (Unless otherwise stated)

Corporate Credit loans and advances to customers are classified as impaired when according to the CRR Default definition (Capital Requirements Regulation, EU 575/2013), one or both of the following criteria apply:

- The borrower is more than 90 days past due.
- The exposure or borrower is considered as unlikely to pay (UTP) his obligations to the Group or the Bank.

Exceptions are loans and advances to customers that are individually assessed but for which no impairment loss is calculated (eg. due to overcollateralization).

Out of the total loans and advances to customers (before allowances), fixed rate loans for the Group and the Bank amount to € 4,306 million or 7.1% and € 4,597 million or 7.7% respectively and floating rate loans amount to € 55,954 million and € 55,110 million respectively.

For mortgage loans of the Bank in specific, the "value of collateral" mainly regards the fair value of the properties, for which the Bank possesses first class prenotation or mortgage. When the value of the collateralized property exceeds the loan balance, the "value of collateral" is capped to the loan balance.

Quality analysis of neither past due nor impaired loans and advances to customers

31/12/2017	Group				Bank			
	Satisfactory risk	Watch list (higher risk)	Total neither past due nor impaired loans and advances to customers	Value of collateral	Satisfactory risk	Watch list (higher risk)	Total neither past due nor impaired loans and advances to customers	Value of collateral
Retail Lending	**10,150**	**0**	**10,150**	**7,267**	**9,970**	**0**	**9,970**	**7,137**
Mortgages	8,119	-	8,119	6,768	8,008	-	8,008	6,660
Consumer	1,477	-	1,477	499	1,415	-	1,415	477
Credit cards	554	-	554	0	547	-	547	-
Other	0	-	0	-	0	-	0	-
Corporate Lending	**13,103**	**2,824**	**15,927**	**8,333**	**15,128**	**2,187**	**17,315**	**7,233**
Large	7,312	1,633	8,945	4,070	9,722	1,205	10,927	3,497
SMEs	5,791	1,191	6,982	4,264	5,406	982	6,388	3,737
Public Sector	**1,759**	**0**	**1,759**	**1,657**	**1,756**	**0**	**1,756**	**1,655**
Greece	1,756	0	1,757	1,655	1,756	0	1,756	1,655
Other countries	2	-	2	2	-	-	-	-
Total	**25,012**	**2,824**	**27,836**	**17,258**	**26,855**	**2,187**	**29,042**	**16,025**

Amounts in million euros (Unless otherwise stated)

Ageing analysis of past due but not impaired loans and advances to customers by product line

Group	Retail Lending				Corporate Lending		Public Sector		Total past due but not impaired loans and advances to customers
31/12/2017	Mortgages	Consumer	Credit cards	Other	Large	SMEs	Greece	Other Countries	
1-29 days	856	174	12	-	208	656	1	-	1,907
30-59 days	327	73	5	-	188	336	0	-	929
60-89 days	170	62	3	-	107	345	0	-	687
90-179 days	1	-	-	-	41	135	-	-	177
180-360 days	0	-	-	-	24	51	-	-	75
>360 days	1	-	-	-	76	173	0	-	249
Denounced	-	-	-	-	163	425	0	-	587
Total	**1,354**	**310**	**21**	**0**	**805**	**2,120**	**1**	**0**	**4,612**
Value of collateral	1,082	120	0	-	486	1,618	0	-	3,306

Bank	Retail Lending				Corporate Lending		Public Sector		Total past due but not impaired loans and advances to customers
31/12/2017	Mortgages	Consumer	Credit cards	Other	Large	SMEs	Greece	Other Countries	
1-29 days	837	170	12	-	147	444	1	-	1,611
30-59 days	323	72	5	-	141	217	0	-	759
60-89 days	166	61	3	-	63	269	-	-	563
90-179 days	-	-	-	-	41	125	-	-	166
180-360 days	-	-	-	-	24	38	-	-	62
>360 days	-	-	-	-	76	157	-	-	233
Denounced	-	-	-	-	157	363	-	-	520
Total	**1,326**	**304**	**20**	**0**	**649**	**1,614**	**1**	**0**	**3,914**
Value of collateral	1,055	116	-	-	331	1,153	-	-	2,654

Amounts in million euros (Unless otherwise stated)

Movement in impaired loans and advances to customers by product line

Group	Retail Lending				Corporate Lending		Public Sector		Total
	Mortgages	Consumer	Credit card	Other	Large	SMEs	Greece	Other Countries	
Gross opening balance at 1/1/2017	5,804	2,906	645	2	6,692	14,501	12	-	**30,563**
Opening balance of discontinued operations	(16)	(25)	(1)	(0)	(28)	(181)	-	0	**(251)**
New impaired loans and advances	834	321	21	0	1,018	1,406	0	-	**3,601**
Transferred to non-impaired	(602)	(259)	(47)	(1)	(249)	(588)	(5)	-	**(1,751)**
Repayment	(188)	(63)	(4)	(0)	(501)	(594)	(0)	-	**(1,351)**
Impaired loans and advances written-off	(68)	(271)	(102)	(0)	(989)	(1,069)	(0)	-	**(2,499)**
Reclassification of impaired loans	1	(1)	0	-	50	(50)	-	-	**0**
Derecognition of impaired loans and advances	-	(0)	-	-	(62)	(126)	-	-	**(188)**
Foreign exchange differences and other movements	(56)	(0)	(0)	0	(126)	(129)	-	0	**(311)**
Gross balance at 31/12/2017	**5,710**	**2,607**	**511**	**1**	**5,805**	**13,171**	**7**	**0**	**27,812**
Impairment allowance	(1,675)	(1,571)	(393)	(1)	(3,821)	(7,336)	(0)	-	(14,796)
Net balance at 31/12/2017	**4,035**	**1,036**	**118**	**1**	**1,984**	**5,835**	**6**	**0**	**13,016**

Bank	Retail Lending				Corporate Lending		Public Sector		Total
	Mortgages	Consumer	Credit card	Other	Large	SMEs	Greece	Other Countries	
Gross opening balance at 1/1/2017	5,757	2,872	643	1	6,359	13,435	10	0	**29,077**
New impaired loans and advances	831	320	20	0	960	1,299	0	-	**3,430**
Transferred to non-impaired	(600)	(259)	(47)	(1)	(182)	(412)	(4)	-	**(1,505)**
Repayment	(180)	(62)	(4)	(0)	(451)	(534)	-	-	**(1,232)**
Impaired loans and advances written-off	(61)	(270)	(101)	-	(882)	(901)	(0)	-	**(2,215)**
Reclassification of impaired loans	1	(1)	0	-	50	(50)	-	-	**0**
Derecognition of impaired loans and advances	-	-	-	-	(118)	(388)	-	-	**(506)**
Foreign exchange differences and other movements	(55)	(0)	-	-	(136)	(109)	-	-	**(300)**
Gross balance at 31/12/2017	**5,691**	**2,601**	**511**	**0**	**5,600**	**12,341**	**6**	**0**	**26,750**
Impairment allowance	(1,667)	(1,567)	(392)	-	(3,698)	(6,791)	(0)	-	**(14,116)**
Net balance at 31/12/2017	**4,024**	**1,033**	**119**	**0**	**1,902**	**5,550**	**6**	**0**	**12,635**

Amounts in million euros (Unless otherwise stated)

Ageing analysis of impaired loans and advances to customers by product line

Group	Retail Lending				Corporate Lending		Public Sector Lending		Total
31/12/2017	Mortgages	Consumer	Credit card	Other	Large	SMEs	Greece	Other Countries	
Not past due	623	158	0	-	834	1,386	0	-	**3,002**
1-29 days	204	41	0	0	172	170	-	-	**588**
30-59 days	99	23	0	-	81	138	-	-	**342**
60-89 days	72	23	0	-	70	139	-	-	**305**
90-179 days	175	29	2	-	148	314	-	-	**666**
180-360 days	119	26	15	0	6	87	-	-	**254**
>360 days	434	127	0	0	308	613	0	-	**1,483**
Denounced	2,308	609	101	0	364	2,989	6	-	**6,377**
Total net amount	**4,035**	**1,036**	**119**	**1**	**1,984**	**5,835**	**6**	**0**	**13,016**
Value of collateral	3,799	568	0	0	1,653	5,285	0	-	**11,306**

Bank	Retail Lending				Corporate Lending		Public Sector Lending		Total
31/12/2017	Mortgages	Consumer	Credit card	Other	Large	SMEs	Greece	Other Countries	
Not past due	623	158	0	-	822	1,333	0	-	**2,937**
1-29 days	204	41	0	-	150	161	-	-	**556**
30-59 days	99	23	0	-	81	93	-	-	**296**
60-89 days	72	23	0	-	70	124	-	-	**290**
90-179 days	175	28	2	-	145	303	-	-	**653**
180-360 days	119	26	15	-	3	79	-	-	**242**
>360 days	433	127	0	0	306	580	0	-	**1,447**
Denounced	2,298	606	101	0	325	2,878	6	-	**6,215**
Total net amount	**4,024**	**1,033**	**119**	**0**	**1,902**	**5,550**	**6**	**0**	**12,635**
Value of collateral	3,788	565	-	-	1,566	4,954	-	-	**10,873**

The difference between net and collateral value, is related to recoverability, which is estimated for the collectively assessed loans, on the basis of historical data of collectability, and for the individually assessed loans, on the basis of expected cash flows.

Breakdown of collaterals and guarantees

Group	Value of collateral received				Guarantees received
31/12/2017	Real estate collateral	Financial collateral	Other collateral	Total value of collateral	
Retail Lending	12,547	228	62	12,837	0
Corporate Lending	14,220	1,066	2,089	17,375	9,762
Public Sector Lending	1	4	1,653	1,657	0
Total	**26,768**	**1,298**	**3,804**	**31,870**	**9,763**

Amounts in million euros (Unless otherwise stated)

Bank	Value of collateral received				
31/12/2017	Real estate collateral	Financial collateral	Other collateral	Total value of collateral	Guarantees received
Retail Lending	12,383	217	61	12,661	-
Corporate Lending	12,766	995	1,475	15,236	9,805
Public Sector Lending	1	2	1,652	1,655	0
Total	**25,150**	**1,214**	**3,188**	**29,552**	**9,805**

The value of guarantees includes mainly personal or corporate guarantees.

Reconciliation of the allowance for impairment on loans and advances to customers by product line (including fair value adjustments)

Group	Mortgages	Consumer / personal and other retail loans	Credit cards	Retail lending	Corporate lending	Public sector	Total
Opening balance as at 1/1/2017	1,826	1,910	509	4,245	12,694	2	**16,941**
Opening balance of discontinued operations	(10)	(32)	(1)	(43)	(93)	-	**(136)**
Charge for the year	93	243	(2)	334	1,645	34	**2,013**
Amounts written off	(73)	(287)	(102)	(462)	(2,075)	(0)	**(2,537)**
Provision of derecognised loans	-	(0)	-	(0)	(185)	-	**(185)**
Unwinding	(72)	(59)	(6)	(136)	(246)	(0)	**(383)**
Foreign exchange differences and other movements	(14)	4	0	(10)	(162)	(0)	**(172)**
Closing balance as at 31/12/2017	**1,751**	**1,778**	**398**	**3,927**	**11,578**	**36**	**15,541**

Bank	Mortgages	Consumer / personal and other retail loans	Credit cards	Retail lending	Corporate lending	Public sector	Total
Opening balance as at 1/1/2017	1,802	1,871	507	4,179	11,889	1	**16,069**
Charge for the year	92	242	(2)	332	1,612	35	**1,979**
Amounts written off	(67)	(285)	(102)	(453)	(1,795)	(0)	**(2,248)**
Provision of derecognised loans	-	-	-	-	(406)	-	**(406)**
Unwinding	(72)	(59)	(6)	(136)	(241)	(0)	**(378)**
Foreign exchange differences and other movements	(14)	4	-	(10)	(185)	-	**(195)**
Closing balance as at 31/12/2017	**1,742**	**1,774**	**397**	**3,913**	**10,873**	**35**	**14,822**

Amounts in million euros (Unless otherwise stated)

Loans and advances to customers, impaired loans and allowance for impairment by product line, industry and geographical region

Group	Greece			Rest of Europe		
31/12/2017	Loans & Advances to customers - Gross	Loans & Advances to Customers - Impaired	Allowance for Impairment	Loans & Advances to customers - Gross	Loans & Advances to Customers - Impaired	Allowance for Impairment
Retail Lending	**20,274**	**8,687**	**(3,860)**	**391**	**143**	**(67)**
Mortgages	14,973	5,668	(1,733)	210	42	(18)
Consumer	4,222	2,507	(1,730)	172	99	(47)
Credit cards	1,078	511	(397)	9	1	(1)
Other	1	1	(0)	0	0	(0)
Corporate Lending	**35,841**	**18,076**	**(11,039)**	**1,988**	**900**	**(539)**
Agriculture	1,074	381	(190)	66	36	(9)
Manufacturing	6,213	3,164	(1,710)	273	127	(55)
Energy	1,094	42	(53)	35	16	(10)
Commerce and services	5,899	3,410	(1,995)	389	153	(93)
Shipping	2,369	1,063	(675)	-	-	-
Coastline/ Ferries Companies	244	122	(51)	-	-	-
Construction	4,057	2,707	(1,627)	255	156	(81)
Transport & Logistics	1,045	495	(356)	117	62	(42)
Tourism	2,963	872	(441)	15	7	(3)
Financial Sector	2,255	1,232	(959)	75	47	(50)
Real Estate Companies	2,210	1,510	(898)	552	183	(104)
Project Finance	1,712	282	(251)	101	55	(46)
Other	4,705	2,795	(1,832)	109	58	(44)
Public Sector (1)	**1,765**	**7**	**(36)**	**2**	**0**	**(0)**
Total	**57,879**	**26,769**	**(14,935)**	**2,381**	**1,043**	**(606)**

Note (1): The gross amount of Loans and advances to customers for the Public sector of the Group (€ 1,765 million) as at 31/12/2017 includes the seasonal loan to Payment and Control Agency for Guidance and Guarantee Community AID ('OPEKEPE') of € 1,646 million, which has been repaid in February 2018.

Amounts in million euros (Unless otherwise stated)

Bank	Greece			Rest of Europe		
31/12/2017	Loans & Advances to customers - Gross	Loans & Advances to Customers - Impaired	Allowance for Impairment	Loans & Advances to customers - Gross	Loans & Advances to Customers - Impaired	Allowance for Impairment
Retail Lending	**20,267**	**8,686**	**(3,860)**	**156**	**117**	**(52)**
Mortgages	14,973	5,668	(1,733)	53	24	(9)
Consumer	4,216	2,507	(1,730)	104	93	(43)
Credit cards	1,078	511	(397)	-	-	-
Other	1	0	-	-	-	-
Corporate Lending	**36,088**	**17,230**	**(10,441)**	**1,431**	**711**	**(433)**
Agriculture	1,062	380	(189)	40	35	(8)
Manufacturing	5,853	3,042	(1,628)	103	89	(39)
Energy	1,067	42	(52)	5	4	(0)
Commerce and services	5,359	3,187	(1,803)	162	122	(78)
Shipping	2,369	1,063	(675)	-	-	-
Coastline/ Ferries Companies	244	122	(51)	-	-	-
Construction	3,867	2,633	(1,569)	134	110	(57)
Transport & Logistics	986	472	(336)	82	57	(38)
Tourism	2,614	756	(395)	5	4	(2)
Financial Sector	3,948	1,232	(966)	231	45	(48)
Real Estate Companies	2,147	1,334	(786)	440	157	(91)
Project Finance	1,765	282	(251)	177	55	(46)
Other	4,805	2,684	(1,739)	50	34	(24)
Public Sector (1)	**1,764**	**6**	**(35)**	**0**	**0**	**0**
Total	**58,119**	**25,923**	**(14,336)**	**1,587**	**828**	**(485)**

Note (1): The gross amount of Loans and advances to customers for the Public sector of the Bank (€ 1,765 million) at 31/12/2017, includes the seasonal loan to Payment and Control Agency for Guidance and Guarantee Community AID ('OPEKEPE') of € 1,646 million, which has been repaid in February 2018.

Debt securities and other eligible bills

The tables below present an analysis of bonds and treasury bills at FVTPL, bonds and treasury bills of investment portfolio, as well as debt securities - receivables by rating as at 31/12/2017, based on Standard & Poor's ratings or their equivalent:

Group 31/12/2017	Bonds and Treasury Bills at FVTPL	Debt securities - receivables	Bonds and treasury bills of investment portfolio	Total
AAA	-	-	-	**0**
AA- to AA+	1,465	-	-	**1,465**
BBB- to BBB+	-	-	55	**55**
BB- to BB+	3	-	3	**6**
Lower than BB-	8	-	1,841	**1,849**
Unrated	-	23	4	**27**
Total	**1,476**	**23**	**1,902**	**3,402**

Amounts in million euros (Unless otherwise stated)

Bank 31/12/2017	Bonds and Treasury Bills at FVTPL	Debt securities - receivables	Bonds and treasury bills of investment portfolio	Total
AAA	-	-	-	**0**
AA- to AA+	1,465	-	-	**1,465**
BBB- to BBB+	-	-	-	**0**
BB- to BB+	3	-	3	**6**
Lower than BB-	8	-	1,717	**1,725**
Unrated	-	23	4	**27**
Total	**1,476**	**23**	**1,724**	**3,223**

Concentration of risk of financial assets with credit risk exposure

Geographical sectors

The following table breaks down the carrying amounts of financial assets, which are exposed to credit risk. The credit risk exposure is based on the country of domicile of the Group's companies.

Group - 31/12/2017	Greece	Rest of Europe	Other Countries	Total
Loans and advances to credit institutions	1,749	398	0	2,148
Derivative financial instruments - assets	460	0	-	460
Bonds and Treasury Bills at fair value through profit or loss	1,476	-	-	1,476
Loans and advances to customers	42,944	1,775	-	44,720
Retail lending	16,413	324	-	16,738
- Mortgages	13,240	192	-	13,432
- Consumer, Personal and Other	2,493	124	-	2,617
- Credit cards	681	8	-	689
Corporate and public sector lending	26,531	1,451	-	27,982
Debt securities - receivables	23	-	-	23
Bonds, Treasury Bills and other variable income securities of investment portfolio	1,746	178	-	1,924
Reverse repos with customers	89	1	-	90
Other assets	2,101	36	0	2,137
Total	**50,589**	**2,389**	**0**	**52,978**

Amounts in million euros (Unless otherwise stated)

Bank - 31/12/2017	Greece	Rest of Europe	Other Countries	Total
Loans and advances to credit institutions	2,051	40	-	2,092
Derivative financial instruments - assets	461	0	-	461
Bonds and Treasury Bills at fair value through profit or loss	1,476	-	-	1,476
Loans and advances to customers	43,783	1,102	-	44,885
Retail lending	16,407	104	-	16,511
- Mortgages	13,240	44	-	13,284
- Consumer, Personal and Other	2,486	60	-	2,547
- Credit cards	681	-	-	681
Corporate and public sector lending	27,376	998	-	28,374
Debt securities - receivables	23	-	-	23
Bonds, Treasury Bills and other variable income securities of investment portfolio	1,746	-	-	1,746
Reverse repos with customers	89	-	-	89
Other assets	2,332	7	-	2,338
Total	**51,961**	**1,149**	**0**	**53,110**

Amounts in million euros (Unless otherwise stated)

Industry sectors

The following table breaks down the carrying amounts per industry sector of the Group's financial assets that are exposed to credit risk. The allocation has been according to the business sector of each counterparty.

Group	**Carrying amounts - Industry sectors**													
	Financial institutions	**Manufacturing / Handicraft**	**Construction**	**Real Estate Companies**	**Project Finance**	**Wholesale and retail trade**	**Public sector**	**Shipping Companies**	**Hotels**	**Agriculture**	**Energy, Transports & Logistics**	**Other industries**	**Individuals**	**Total**
Loans and advances to credit institutions	2,148	-	-	-	-	-	-	-	-	-	-	-	-	**2,148**
Derivative financial instruments - assets	70	0	-	-	53	4	308	-	-	0	0	24	-	**460**
Bonds and Treasury Bills at fair value through profit or loss	3	-	-	-	-	-	1,473	-	-	-	-	-	-	**1,476**
Loans and advances to customers	1,321	4,720	2,605	1,760	1,516	4,199	1,731	1,888	2,534	941	1,830	2,938	16,738	**44,720**
- Retail Lending	-	-	-	-	-	-	-	-	-	-	-	-	16,738	**16,738**
- Corporate and Public Sector Lending (1)	1,321	4,720	2,605	1,760	1,516	4,199	1,731	1,888	2,534	941	1,830	2,938	-	**27,982**
Debt securities-receivables	5	-	-	-	-	-	-	-	-	-	-	18	-	**23**
Reverse repos with customers	0	-	-	-	-	-	-	-	-	-	-	6	84	**90**
Bonds, Treasury bills and other variable income securities of investment portfolio	45	-	-	-	-	-	1,880	-	-	-	0	-	-	**1,924**
Other assets	107	26	4	9	0	21	516	1	0	-	4	1,250	198	**2,137**
Balance at 31/12/2017	**3,699**	**4,746**	**2,609**	**1,768**	**1,569**	**4,225**	**5,908**	**1,889**	**2,534**	**941**	**1,834**	**4,235**	**17,020**	**52,978**

Note (1): Loans and advances to customers for the Public Sector of the Group amounting to € 1,731 million as at 31/12/2017 includes the seasonal loan to Payment and Control Agency for Guidance and Guarantee Community AID ('OPEKEPE') of € 1,612 million.

Amounts in million euros (Unless otherwise stated)

The following table breaks down the carrying amounts per industry sector of the Bank's financial assets that are exposed to credit risk. The allocation has been made according to the business sector of each counterparty.

Bank	Carrying amounts - Industry sectors													
	Financial institutions	Manufacturing / Handicraft	Construction	Real Estate Companies	Project Finance	Wholesale and retail trade	Public sector	Shipping Companies	Hotels	Agriculture	Energy, Transports & Logistics	Other industries	Individuals	Total
Loans and advances to credit institutions	2,092	-	-	-	-	-	-	-	-	-	-	-	-	2,092
Derivative financial instruments - assets	72	0	-	-	53	4	308	-	-	0	0	24	-	461
Bonds and Treasury Bills at fair value through profit or loss	3	-	-	-	-	-	1,473	-	-	-	-	-	-	1,476
Loans and advances to customers	3,165	4,290	2,375	1,710	1,645	3,640	1,729	1,888	2,223	904	1,714	3,092	16,511	44,885
- Retail Lending	-	-	-	-	-	-	-	-	-	-	-	-	16,511	16,511
- Corporate and Public Sector Lending (1)	3,165	4,290	2,375	1,710	1,645	3,640	1,729	1,888	2,223	904	1,714	3,092	-	28,374
Debt securities-receivables	5	-	-	-	-	-	-	-	-	-	-	18	-	23
Reverse repos with customers	-	-	-	-	-	-	-	-	-	-	-	6	83	89
Bonds, Treasury bills and other variable income securities of investment portfolio	45	-	-	-	-	-	1,701	-	-	-	0	-	-	1,746
Other assets	225	1	-	8	0	-	502	1	-	-	1	1,405	197	2,338
Balance at 31/12/2017	**5,606**	**4,291**	**2,375**	**1,718**	**1,698**	**3,644**	**5,713**	**1,888**	**2,223**	**904**	**1,714**	**4,545**	**16,791**	**53,110**

Note (1): Loans and advances to customers - Gross for the Public Sector of the Bank amounting to € 1,729 million as at 31/12/2017 includes the seasonal loan to Payment and Control Agency for Guidance and Guarantee Community AID ('OPEKEPE') of € 1,612 million.

Amounts in million euros (Unless otherwise stated)

The following table breaks down the nominal amounts of off balance sheet credit commitments per industry sector of the Group and the Bank's financial assets that are exposed to credit risk. The allocation has been made according to the business sector of each counterparty.

Group	Nominal amounts of Off Balance Sheet items - Industry sectors												
	Financial institutions	Manufacturing / Handicraft	Construction	Real Estate Companies	Project Finance	Wholesale and retail trade	Public sector	Shipping Companies	Hotels	Agriculture	Energy, Transports & Logistics	Other industries	Individuals	Total
Letters of Guarantee	752	378	988	25	60	201	2	-	57	9	128	171	0	**2,770**
Letters of Credit	0	19	0	-	-	8	-	-	-	0	0	9	-	**37**
Irrevocable undrawn credit commitments	29	133	22	23	4	61	0	-	20	8	59	58	82	**500**
Balance at 31/12/2017	**780**	**530**	**1,011**	**48**	**65**	**270**	**2**	**0**	**77**	**17**	**187**	**238**	**82**	**3,307**

Bank	Nominal amounts of Off Balance Sheet items - Industry sectors												
	Financial institutions	Manufacturing / Handicraft	Construction	Real Estate Companies	Project Finance	Wholesale and retail trade	Public sector	Shipping Companies	Hotels	Agriculture	Energy, Transports & Logistics	Other industries	Individuals	Total
Letters of Guarantee	866	375	984	107	61	182	2	-	57	8	125	173	-	**2,939**
Letters of Credit	0	19	0	-	-	6	-	-	-	0	0	9	-	**34**
Irrevocable undrawn credit commitments	11	106	13	22	4	27	0	-	19	3	53	21	75	**354**
Balance at 31/12/2017	**877**	**500**	**998**	**129**	**65**	**214**	**2**	**0**	**75**	**12**	**178**	**203**	**75**	**3,328**

Amounts in million euros (Unless otherwise stated)

4.9 Offsetting of financial assets and liabilities

According to the provisions of IFRS 7 "Financial Instruments: Disclosures", the impact or the possible impact of enforceable master netting agreements or similar agreements for financial instruments on the Statement of Financial Position of the Group and the Bank should be disclosed. More specifically, the disclosures should include the following:

i. The financial assets and liabilities, which are offset in accordance with the criteria of IAS 32 and the net amount is presented in the Statement of Financial Position, when there is a legally enforceable right and the intention to settle the net amounts or simultaneously collect the receivable and settle the obligation.

ii. The transactions which fall under International Swaps and Derivatives Association ("ISDA") contracts and similar master netting agreements irrespectively of whether these are offset or not in the Statement of Financial Position.

The Group and the Bank have not offset any financial assets or liabilities on 31/12/2018 and 31/12/2017, given that the netting criteria mentioned in the first case (i) are not fulfilled.

The following tables, present for the Group and the Bank the gross amounts of the financial instruments recognised as at 31/12/2018 and 31/12/2017, as well as the net effect on the Statement of Financial Position from the exercise of netting rights ("net amount") arising from ISDA contracts and similar master netting agreements. Therefore, these tables include mainly the following financial instruments: a) interest rate swap contracts ("IRSs"), cross currency interest rate swap contracts, fx forwards, currency swaps and options, for which there are ISDA contracts and b) interbank repos covered by Global Master Repurchase Agreement ("GMRA").

Group				**Related amounts not offset in the Statement of Financial Position**		
31/12/2018	**Recognised financial assets (gross amounts)**	**Financial liabilities (offset amounts)**	**Net amount of financial assets**	**Financial instruments collateral received**	**Cash collateral received**	**Net amount**
Financial Assets						
Derivative financial instruments	378	-	378	295	4	79
Reverse Repurchase agreements	128	-	128	25	-	103
Total	**506**	**0**	**506**	**320**	**4**	**182**

Group				**Related amounts not offset in the Statement of Financial Position**		
31/12/2018	**Recognised financial liabilities (gross amounts)**	**Financial assets (offset amounts)**	**Net amount of financial liabilities**	**Financial instruments collateral pledged**	**Cash collateral pledged**	**Net amount**
Financial Liabilities						
Derivative financial instruments	413	-	413	38	366	9
Repurchase agreements	2,050	-	2,050	2,048	1	1
Total	**2,462**	**0**	**2,462**	**2,086**	**367**	**10**

Amounts in million euros (Unless otherwise stated)

Group				Related amounts not offset in the Statement of Financial Position		
31/12/2017	Recognised financial assets (gross amounts)	Financial liabilities (offset amounts)	Net amount of financial assets	Financial instruments collateral received	Cash collateral received	Net amount
Financial Assets						
Derivative financial instruments	460	-	460	17	7	436
Reverse Repurchase agreements	907	-	907	817	-	90
Total	**1,367**	**0**	**1,367**	**834**	**7**	**526**

Group				Related amounts not offset in the Statement of Financial Position		
31/12/2017	Recognised financial liabilities (gross amounts)	Financial assets (offset amounts)	Net amount of financial liabilities	Financial instruments collateral pledged	Cash collateral pledged	Net amount
Financial Liabilities						
Derivative financial instruments	402	-	402	30	367	5
Repurchase agreements	1,376	-	1,376	1,376	-	-
Total	**1,778**	**0**	**1,778**	**1,406**	**367**	**5**

Bank				Related amounts not offset in the Statement of Financial Position		
31/12/2018	Recognised financial assets (gross amounts)	Financial liabilities (offset amounts)	Net amount of financial assets	Financial instruments collateral received	Cash collateral received	Net amount
Financial Assets						
Derivative financial instruments	380	-	380	295	4	82
Reverse Repurchase agreements	128	-	128	25	-	103
Total	**508**	**0**	**508**	**320**	**4**	**184**

Bank				Related amounts not offset in the Statement of Financial Position		
31/12/2018	Recognised financial assets (gross amounts)	Financial assets (offset amounts)	Net amount of financial liabilities	Financial instruments collateral pledged	Cash collateral pledged	Net amount
Financial Liabilities						
Derivative financial instruments	413	-	413	38	366	9
Repurchase agreements	2,219	-	2,219	2,217	1	1
Total	**2,632**	**0**	**2,632**	**2,256**	**367**	**10**

Amounts in million euros (Unless otherwise stated)

Bank				Related amounts not offset in the Statement of Financial Position		
31/12/2017	Recognised financial assets (gross amounts)	Financial liabilities (offset amounts)	Net amount of financial assets	Financial instruments collateral received	Cash collateral received	Net amount
Financial Assets						
Derivative financial instruments	461	-	461	17	7	438
Reverse Repurchase agreements	906	-	906	817	-	89
Total	**1,367**	**0**	**1,367**	**834**	**7**	**527**

Bank				Related amounts not offset in the Statement of Financial Position		
31/12/2017	Recognised financial assets (gross amounts)	Financial assets (offset amounts)	Net amount of financial liabilities	Financial instruments collateral pledged	Cash collateral pledged	Net amount
Financial Liabilities						
Derivative financial instruments	404	-	404	30	367	7
Repurchase agreements	1,545	-	1,545	1,545	-	-
Total	**1,949**	**0**	**1,949**	**1,575**	**367**	**7**

4.10 Market risk

Market risk is the current or prospective risk of loss due to adverse movements in the level or the volatility of market prices and rates, including interest rates, equity and commodity prices and foreign exchange rates.

The Risk Committee of the BoD has approved a market risk management policy that applies to the Group and the Bank and outlines the basic definitions of market risk management, and defines the roles and responsibilities of the units and executives involved. The Group and the Bank engage in moderate trading activities in order to enhance profitability and service its clientele. These trading activities create market risk, which the Group and the Bank seek to identify, estimate, monitor and manage effectively through a framework of principles, measurement processes and a valid set of limits that apply to all the Group and the Bank's transactions. The most significant types of market risk for the Group and the Bank are interest rates, equity and foreign exchange risk.

The Group and the Bank apply up to date, generally accepted techniques for the measurement of market risk. Specifically, sensitivity indicators such as PV100 (adverse impact to the net present value of all balance sheet items for a 100 basis points parallel move in the yield curve for all currencies) as well as Value-at-Risk (VaR incorporates all risk factors) are calculated.

For every activity, that bears market risk, the Group and the Bank have assigned adequate market risk limits, and these are monitored systematically. Market risk management is not confined to trading book activities, but covers the Statement of Financial Position as a whole.

The Value-at-Risk measure is an estimate of the potential loss in the net present value of a portfolio, over a specified period and with a specified confidence level. The Group and the Bank implement the following three methods for the calculation of Value at Risk:

Method A: the parametric Value-at-Risk methodology, assuming a one-day holding period and utilizing a 99% confidence level, with historic observations of two years and equal weighting between observations,

Method B: the parametric Value-at-Risk methodology, assuming a one-day holding period and utilizing a 99% confidence level, using market data that give more weight to recent observations (exponentially weighted moving average volatilities and correlations, λ=0.94) and

Method C: the parametric Value-at-Risk methodology using volatilities and correlations gathered during a crisis period (Stressed Value-at-Risk), while the estimate is assessed on current positions.

As the Value-at-Risk methodology does not evaluate the risk attributable to extraordinary financial or other occurrences, the risk assessment process includes a number of stress scenarios. The stress scenarios are based on the primary risk factors that can change the value of the balance sheet's figures.

The Group and the Bank test the validity of the Value-at-Risk estimates, by conducting a relevant back-testing program on the Group and the Bank's trading book VaR, through the comparison of the Value-at-Risk estimate against the actual change in the value of the portfolio, due to the changes in market prices on a daily basis.

The Value-at-Risk estimate for the Group and the Bank's Trading Book as at 31/12/2018 amounted to € 1.5 million. This estimate comprises € 1.5 million for interest rate risk and € 0.1 million for foreign exchange risk, reduced by € 0.1 million due to the diversification effect in the portfolio as at 31/12/2018.

The Value-at-Risk estimate for the Group's Trading Book as at 29/12/2017 was € 0.5 million. This estimate consists of € 0.2 million for interest rate risk and € 0.5 million for foreign exchange risk, reduced by € 0.2 million, due to the diversification effect in the portfolio as at 31/12/2017.

During 2018, the Group trading book VaR increased due to an increased position in Eurozone Government Bonds amounting to € 121 million.

The table below summarizes the VaR calculation. The VaR measure in the table below is calculated using the method A as described previously.

Group - Amounts in € million	Piraeus Bank Trading Book Group - Total VaR	VaR Interest Rate Risk	VaR Equity Risk	VaR Foreign Exchange Risk	VaR Commodities Risk	Diversification Effect
2018	1.5	1.5	0.0	0.1	0.0	-0.1
2017	0.5	0.2	0.0	0.5	0.0	-0.2

4.11 Currency risk

The Group and the Bank are exposed to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Management sets limits on the level of exposure by currency, which are monitored daily.The table below summarises the Group's and the Bank's exposure to foreign currency exchange risk as at 31/12/2018 and 31/12/2017. The table includes, the Group's and the Bank's assets and liabilities at carrying amounts categorised by currency and the positions on derivatives, which reduce significantly the undertaken foreign currency exchange risk:

Amounts in million euros (Unless otherwise stated)

Group - At 31/12/2018	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Foreign currency exchange risk of assets							
Cash and balances with central Banks	2,509	18	6	0	2	38	2,572
Loans and advances to credit institutions	923	79	25	8	45	40	1,120
Financial assets at FVTPL	382	0	-	-	-	-	382
Financial assets mandatorily at FVTPL	106	4	-	-	-	-	110
Derivative financial instruments - assets	(955)	-	31	-	1,189	112	378
Reverse repos with customers	103	-	-	-	-	-	103
Loans and advances to customers at amortised cost and mandatorily at FVTPL	36,085	2,264	38	67	1,299	87	39,841
Financial assets at FVTOCI	2,183	83	-	-	-	4	2,270
Debt securities at amortised cost	208	-	-	-	-	-	208
Other assets	2,211	38	7	1	4	16	2,277
Assets from discontinued operations	797	47	7	0	7	772	1,630
Total financial assets	**44,552**	**2,534**	**114**	**76**	**2,546**	**1,069**	**50,891**
Foreign currency exchange risk of liabilities							
Due to credit institutions	5,506	39	1	0	1	1	5,548
Derivative financial instruments - liabilities	(3,083)	900	0	75	2,521	0	413
Due to customers	42,864	1,471	99	1	13	290	44,739
Debt securities in issue	528	-	-	-	-	-	528
Liabilities at FVTPL	62	-	-	-	-	-	62
Other liabilities	829	31	6	1	2	17	885
Liabilities from discontinued operations	665	101	10	0	1	880	1,656
Total financial liabilities	**47,370**	**2,542**	**115**	**77**	**2,538**	**1,188**	**53,831**
Net on-balance sheet financial position	**(2,818)**	**(9)**	**(1)**	**(0)**	**7**	**(119)**	**(2,940)**
Net position of non-financial assets - liabilities	**564**	**900**	**(31)**	**75**	**1,332**	**135**	**2,975**
Net Off balance sheet items	**2,166**	**(896)**	**31**	**(75)**	**(1,344)**	**114**	**(4)**
Currency position	**(88)**	**(5)**	**(1)**	**(0)**	**(5)**	**130**	**31**

Amounts in million euros (Unless otherwise stated)

Group - At 31/12/2017	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Foreign currency exchange risk of assets							
Cash and balances with central Banks	1,201	21	6	0	3	218	1,449
Loans and advances to credit institutions	1,998	56	24	6	40	25	2,148
Derivative financial instruments - assets	438	-	22	-	-	0	460
Financial instruments at FVTPL	1,500	-	-	-	-	0	1,500
Reverse repos with customers	89	-	-	-	-	1	90
Loans and advances to customers	40,274	2,397	41	51	1,514	443	44,720
Debt securities at amortised cost	23	-	-	-	-	-	23
Investment securities	2,036	41	-	-	-	127	2,204
Other assets	2,112	8	2	0	2	14	2,137
Assets from discontinued operations	912	22	2	0	128	778	1,841
Total financial assets	**50,582**	**2,543**	**96**	**58**	**1,687**	**1,606**	**56,572**
Foreign currency exchange risk of liabilities							
Due to credit institutions	11,341	70	0	0	0	24	11,435
Derivative financial instruments - liabilities	(782)	539	0	92	365	189	402
Due to customers	40,008	1,454	104	1	14	1,134	42,715
Debt securities in issue	435	-	-	-	-	-	435
Other liabilities	942	2	0	0	0	15	960
Liabilities from discontinued operations	512	55	2	0	7	835	1,412
Total financial liabilities	**52,456**	**2,119**	**106**	**93**	**386**	**2,198**	**57,360**
Net on-balance sheet financial position	**(1,874)**	**424**	**(10)**	**(36)**	**1,301**	**(592)**	**(788)**
Net position of non-financial assets - liabilities	**(654)**	**539**	**(22)**	**92**	**365**	**410**	**730**
Net Off balance sheet items	**2,564**	**(949)**	**32**	**(57)**	**(1,702)**	**124**	**12**
Currency position	**36**	**13**	**(1)**	**(1)**	**(36)**	**(57)**	**(46)**

Amounts in million euros (Unless otherwise stated)

Bank - At 31/12/2018	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Foreign currency exchange risk of assets							
Cash and balances with central Bank	2,508	17	6	0	2	16	2,548
Loans and advances to credit institutions	947	75	25	8	45	30	1,130
Financial assets at FVTPL	372	-	-	-	-	-	372
Financial assets mandatorily at FVTPL	106	4	-	-	-	-	110
Derivative financial instruments - assets	(953)	-	31	-	1,189	112	380
Reverse repos with customers	103	-	-	-	-	-	103
Loans and advances to customers at amortised cost and mandatorily at FVTPL	36,935	2,227	39	67	1,297	75	40,640
Financial assets at FVTOCI	2,180	83	-	-	-	-	2,262
Debt securities at amortised cost	208	-	-	-	-	-	208
Other assets	2,277	38	7	1	4	11	2,338
Total financial assets	**44,683**	**2,444**	**107**	**76**	**2,537**	**244**	**50,092**
Foreign currency exchange risk of liabilities							
Due to credit institutions	5,768	88	4	0	1	2	5,862
Derivative financial instruments - liabilities	(3,083)	900	0	75	2,521	0	413
Due to customers	43,091	1,457	99	1	13	258	44,919
Debt securities in issue	528	-	-	-	-	-	528
Liabilities at FVTPL	62	-	-	-	-	-	62
Other liabilities	681	33	6	1	2	13	736
Total financial liabilities	**47,046**	**2,478**	**109**	**77**	**2,537**	**272**	**52,519**
Net on-balance sheet financial position	**(2,363)**	**(34)**	**(2)**	**(1)**	**0**	**(28)**	**(2,427)**
Net position of non-financial assets - liabilities	**244**	**902**	**(30)**	**75**	**1,332**	**(62)**	**2,460**
Net Off balance sheet items	**2,159**	**(903)**	**31**	**(75)**	**(1,339)**	**112**	**(14)**
Currency position	**40**	**(34)**	**(0)**	**(1)**	**(7)**	**22**	**19**

Amounts in million euros (Unless otherwise stated)

Bank - At 31/12/2017	EUR	USD	GBP	JPY	CHF	Other currencies	Total
Foreign currency exchange risk of assets							
Cash and balances with Central Bank	1,121	16	5	0	2	11	1,154
Loans and advances to credit institutions	1,964	36	18	6	39	29	2,092
Derivative financial instruments - assets	439	-	22	-	-	-	461
Financial instruments at FVTPL	1,476	-	-	-	-	-	1,476
Reverse repos with customers	89	-	-	-	-	-	89
Loans and advances to customers	40,829	2,358	41	51	1,505	100	44,885
Debt securities at amortised cost	23	-	-	-	-	-	23
Investment securities	1,981	38	-	-	-	-	2,019
Other assets	2,326	7	2	0	2	1	2,338
Total financial assets	**50,249**	**2,455**	**88**	**57**	**1,548**	**141**	**54,538**
Foreign currency exchange risk of liabilities							
Due to credit institutions	11,651	114	4	0	0	3	11,772
Derivative financial instruments - liabilities	(780)	539	0	92	365	189	404
Due to customers	39,598	1,329	96	1	13	263	41,301
Debt securities in issue	435	-	-	-	-	-	435
Other liabilities	854	4	0	-	0	2	860
Total financial liabilities	**51,758**	**1,986**	**99**	**93**	**378**	**457**	**54,771**
Net on-balance sheet financial position	**(1,509)**	**469**	**(12)**	**(36)**	**1,170**	**(316)**	**(233)**
Net position of non-financial assets - liabilities	**(1,330)**	**541**	**(21)**	**92**	**365**	**529**	**176**
Net Off balance sheet items	**2,771**	**(993)**	**32**	**(57)**	**(1,554)**	**(189)**	**10**
Currency position	**(68)**	**18**	**(1)**	**(1)**	**(20)**	**24**	**(47)**

4.12 Interest rate risk

Interest rate risk is the risk of a negative impact on the Group and the Bank's financial position due to its exposure to interest rates fluctuations and could be an important source of profitability and shareholder value.

Changes in interest rates affect the Group and the Bank's profitability by changing its Net Interest Income and the level of the other interest sensitive income and expenses.

Changes in interest rates also affect the underlying value of the Group and the Bank's assets and liabilities because the present value of future cash flows (and in some cases, the cash flows themselves) changes when interest rates also change. Accordingly, an effective interest rate risk management process that assesses, monitors and helps maintain interest rate risk within prudent levels (through effective hedging, where relevant), is essential for the safety and soundness of the Group and the Bank's financial performance.

The Group and the Bank apply an Interest Rate Risk Management Policy applying various valuation techniques that mainly rely on maturity and repricing schedules (Interest Rate Gap analysis).

Interest rate gap is a maturity/ repricing schedule that distributes interest-sensitive assets and liabilities into a certain number of predefined time bands, according to their maturity (for fixed-rate instruments) or time remaining to their next repricing (for floating-rate instruments).

The table below summarises the Group and the Bank's exposure to interest rate risk according to an Interest Rate Gap Analysis. Those assets and liabilities lacking actual maturities (e.g. open accounts) or definitive repricing intervals (e.g. sight deposits or savings accounts) are assigned to the time band up to one month.

Amounts in million euros (Unless otherwise stated)

Assets and liabilities in foreign currency are translated into Euro using the FX rates at the reporting date.

Group - 31/12/2018	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non-interest bearing	Total
Financial assets							
Cash and balances with Central Banks	2,566	0	0	-	-	6	2,572
Loans and advances to credit institutions	979	31	87	-	-	24	1,120
Financial assets at FVTPL	61	62	60	98	91	10	382
Financial assets mandatorily at FVTPL	-	-	-	-	16	94	110
Reverse repos with customers	35	39	29	-	-	-	103
Loans and advances to customers at amortised cost and mandatorily at FVTPL	22,342	6,550	4,770	5,204	909	66	39,841
Financial assets at FVTOCI	367	321	794	152	463	172	2,270
Debt securities at amortised cost	-	-	-	203	5	-	208
Other assets	0	0	5	0	-	2,271	2,277
Total financial assets	**26,351**	**7,002**	**5,745**	**5,657**	**1,486**	**2,643**	**48,883**
Financial liabilities							
Due to credit institutions	3,279	1,229	36	1,005	-	-	5,548
Due to customers	34,732	5,058	4,847	2	0	100	44,739
Liabilities at FVTPL	-	6	0	35	21	-	62
Debt securities in issue	494	34	-	-	-	-	528
Other liabilities	0	0	7	22	12	844	885
Total financial liabilities	**38,505**	**6,326**	**4,891**	**1,063**	**32**	**944**	**51,762**
Net notional amount of derivative financial instruments	**(12)**	**(26)**	**(3)**	**(19)**	**(15)**		**(76)**
Total interest rate gap	**(12,166)**	**650**	**851**	**4,575**	**1,438**	**1,698**	**(2,954)**

Group - 31/12/2017	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non-interest bearing	Total
Financial assets							
Cash and balances with Central Banks	1,399	0	0	-	-	50	1,449
Loans and advances to credit institutions	2,003	31	89	0	-	24	2,148
Financial instruments at FVTPL	-	-	-	0	1,476	24	1,500
Reverse repos with customers	36	38	17	-	-	0	90
Loans and advances to customers	31,468	7,088	4,244	1,258	533	128	44,720
Debt securities at amortised cost	-	-	-	-	23	-	23
Investments securities	28	457	727	158	532	301	2,204
Other assets	0	0	10	0	-	2,126	2,137
Total financial assets	**34,934**	**7,615**	**5,087**	**1,417**	**2,564**	**2,654**	**54,270**
Financial liabilities							
Due to credit institutions	7,254	121	55	4,005	-	-	11,435
Due to customers	32,099	4,889	5,479	145	0	104	42,715
Debt securities in issue	27	408	-	-	-	-	435
Other liabilities	0	2	14	35	27	881	960
Total financial liabilities	**39,381**	**5,420**	**5,548**	**4,185**	**27**	**985**	**55,545**
Net notional amount of derivative financial instruments	**25**	**12**	**(0)**	**(6)**	**(1)**		**30**
Total interest rate gap	**(4,422)**	**2,207**	**(461)**	**(2,774)**	**2,535**	**1,669**	**(1,245)**

Amounts in million euros (Unless otherwise stated)

Bank - 31/12/2018	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non - interest bearing	Total
Financial assets							
Cash and balances with Central Bank	2,548	-	-	-	-	-	2,548
Loans and advances to credit institutions	1,010	121	-	-	-	-	1,130
Financial assets at FVTPL	61	62	60	98	91	-	372
Financial assets mandatorily at FVTPL	-	-	-	-	16	94	110
Reverse repos with customers	35	39	29	-	-	-	103
Loans and advances to customers at amortised cost and mandatorily at FVTPL	22,204	7,379	4,936	5,206	916	-	40,640
Financial assets at FVTOCI	364	321	792	152	463	170	2,262
Debt securities at amortised cost	-	-	-	203	5	-	208
Other assets	-	-	-	-	-	2,338	2,338
Total financial assets	**26,221**	**7,922**	**5,816**	**5,659**	**1,493**	**2,601**	**49,712**
Financial liabilities							
Due to credit institutions	3,598	1,229	35	1,000	-	-	5,862
Due to customers	34,915	5,059	4,843	2	-	100	44,919
Liabilities at FVTPL	-	6	0	35	21	-	62
Debt securities in issue	494	34	-	-	-	-	528
Other liabilities	-	-	-	-	-	736	736
Total financial liabilities	**39,007**	**6,328**	**4,878**	**1,037**	**21**	**836**	**52,106**
Net notional amount of derivative financial instruments	**(12)**	**(26)**	**(3)**	**(19)**	**(15)**		**(76)**
Total interest rate gap	**(12,798)**	**1,568**	**935**	**4,603**	**1,456**	**1,766**	**(2,470)**

Bank - 31/12/2017	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non interest bearing	Total
Financial assets							
Cash and balances with Central Bank	1,154	-	-	-	-	-	1,154
Loans and advances to credit institutions	1,952	140	-	-	-	-	2,092
Financial instruments at FVTPL	-	-	-	0	1,476	-	1,476
Reverse repos with customers	35	38	16	-	-	-	89
Loans and advances to customers	31,267	7,869	3,984	1,250	514	-	44,885
Debt securities at amortised cost	-	-	-	-	23	-	23
Investment securities	22	425	702	43	532	296	2,019
Other assets	-	-	-	-	-	2,338	2,338
Total financial assets	**34,430**	**8,472**	**4,703**	**1,294**	**2,545**	**2,634**	**54,077**
Financial liabilities							
Due to credit institutions	7,612	119	41	4,000	-	-	11,772
Due to customers	31,255	4,777	5,130	35	-	103	41,301
Debt securities in issue	27	408	-	-	-	-	435
Other liabilities	-	-	-	-	-	860	860
Total financial liabilities	**38,894**	**5,304**	**5,172**	**4,035**	**0**	**963**	**54,367**
Net notional amount of derivative financial instruments	**25**	**12**	**(0)**	**(6)**	**(1)**		**30**
Total interest rate gap	**(4,440)**	**3,180**	**(469)**	**(2,747)**	**2,544**	**1,671**	**(260)**

The Group and the Bank calculate any change in the net present value of balance-sheet items in response to a change in interest rates, assuming parallel yield curve shifts (PV100).

Interest rate gap analysis enables the evaluation of interest rate risk using the “Earnings-at-Risk” measure, which denotes the negative effect on the expected annual interest income, as a result of a parallel shift in interest rates for all currencies considered.

For Earnings-at-Risk and PV100, Management has assigned adequate limits, which are monitored on a regular basis.

Management assesses on a regular basis, the impact of a change in the credit spread, for issuers of government and corporate debt, for the Group and the Bank's bond portfolio.

Management evaluates potential financial losses under stressful market conditions. Possible stress scenarios include abrupt changes in the level of interest rates, changes in the slope and the shape of the yield curves, or changes in the volatility of market rates.

4.13 Liquidity risk

Management acknowledges that effective Liquidity Risk Management is essential for its ability to meet its financial liabilities promptly and without losses. Liquidity risk is the risk that a financial institution will not be able to meet its obligations as they become due.

All the Bank's Units and the Group's subsidiaries have applied a uniform Liquidity Risk Management Policy for the effective management of liquidity risk. This policy is consistent with the internationally applied practices and supervisory regulations, and adapted to the individual activities and organisational structures of the Group and the Bank.

The policy specifies the principal liquidity risk assessment definitions and methods, defines the roles and responsibilities of the units and staff involved and sets out the guidelines for liquidity crisis management. In order to manage liquidity risk effectively, Management monitors, inter alia, the amount, quality and composition / diversification of its liquid assets, the cash flow analysis of its assets and liabilities (inflows, outflows) in time buckets, the composition / diversification and cost of its funding sources, the composition / diversification and funding capacity of its unencumbered collateral and its funding needs in local and foreign currencies.

Furthermore, the policy defines a contingency funding plan to be used in the case of a liquidity crisis. Such a crisis can take place either due to a Piraeus Bank specific event or a general market event. Triggers and warning signals serve as indicators of when the contingency plan should be put into operation.

Since November 2014, Piraeus Bank Group is supervised by the Single Supervisory Mechanism ("SSM") of the European Central Bank ("ECB"), in collaboration with the Bank of Greece and submits a wide range of regulatory reporting on a regular and periodic basis.

Management calculates the Liquidity Coverage Ratio and Net Stable Funding Ratio, on a monthly and quarterly basis respectively, and on a Group and Bank basis, according to Regulation (EU) No. 575/2013). According to European Regulation, the Liquidity Coverage Ratio ("LCR") limit of 100% was introduced on 1/1/2018.

Under the European Directive 2013/36 credit institutions are required to have comprehensive strategies, procedures, policies and systems to ensure adequate monitoring of liquidity risk. In accordance with the said directive, the Group's Market and Liquidity Risk Management division has submitted to the SSM, the annual report on the Internal Liquidity Adequacy Assessment Process ("ILAAP") within 2018, which contains the rules governing the management of liquidity risk and the main results of current and future Bank and Group liquidity position evaluation. In addition, within the framework of the ICAAP and ILAAP procedures, Management examined stress test scenarios (Stress Testing) and assessed their impact on the liquidity position and on the mandatory liquidity ratios.

Amounts in million euros (Unless otherwise stated)

Non derivative cash flows

The tables below present, as at 31/12/2018 and 31/12/2017 respectively, the cash flows payable by the Group and the Bank under non-derivative financial liabilities by the remaining contractual maturities. The amounts mentioned are the contractual undiscounted cash flows. The Group and the Bank manage liquidity risk according to the estimated undiscounted cash flows. Liabilities in foreign currency have been translated into euro based on the current foreign currency exchange rates.

Group 31/12/2018	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Liabilities liquidity						
Due to credit institutions	3,225	1,168	15	1,081	70	5,558
Due to customers	35,048	4,991	4,915	75	0	45,029
Liabilities at FVTPL	-	6	0	35	21	62
Debt securities in issue	3	0	9	507	57	576
Other liabilities	621	48	92	132	13	906
Total liabilities (contractual maturity dates)	**38,897**	**6,213**	**5,031**	**1,829**	**161**	**52,131**
Total assets (expected maturity dates)	**8,441**	**1,756**	**5,468**	**17,109**	**25,225**	**57,998**

Group 31/12/2017	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Liabilities liquidity						
Due to credit institutions	7,195	52	12	4,098	94	11,452
Due to customers	32,374	4,889	5,534	229	3	43,029
Debt securities in issue	0	2	7	416	70	495
Other liabilities	635	80	77	193	27	1,012
Total liabilities (contractual maturity dates)	**40,204**	**5,024**	**5,630**	**4,935**	**194**	**55,988**
Total assets (expected maturity dates)	**6,033**	**1,636**	**6,407**	**18,205**	**30,326**	**62,608**

Amounts in million euros (Unless otherwise stated)

Bank 31/12/2018	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Liabilities liquidity						
Due to credit institutions	3,544	1,168	14	1,076	70	5,871
Due to customers	35,001	4,988	4,909	75	-	44,973
Liabilities at FVTPL	-	6	0	35	21	62
Debt securities in issue	3	0	9	507	63	582
Other liabilities	629	-	-	107	-	736
Total liabilities (contractual maturity dates)	**39,177**	**6,162**	**4,932**	**1,800**	**154**	**52,225**
Total assets (expected maturity dates)	**7,852**	**1,671**	**6,539**	**17,787**	**25,153**	**59,002**

Bank 31/12/2017	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Liabilities liquidity						
Due to credit institutions	7,558	52	9	4,079	90	11,787
Due to customers	31,371	4,703	5,170	115	-	41,359
Debt securities in issue	0	2	7	416	70	495
Other liabilities	762	-	-	98	-	860
Total liabilities (contractual maturity dates)	**39,691**	**4,757**	**5,186**	**4,708**	**160**	**54,501**
Total assets (expected maturity dates)	**6,190**	**1,522**	**6,878**	**18,773**	**29,742**	**63,104**

"Due to Credit Institutions" includes in the "up to 1 month" time band the ELA funding and ECB Lombard and MRO funding as these have an initial contractual maturity of 1 week, whereas the "1-3 months" and "1-5 years" time bands include ECB LTRO and TLTRO funding respectively.

Derivative cash flows

Derivatives settled on a net basis

The Group and the Bank’s derivatives that will be settled on a net basis include: a) foreign exchange derivatives: over-the-counter (OTC) currency options, currency futures, exchange traded currency options; and b) interest rate derivatives: interest rate swaps, forward rate agreements, OTC interest rate options, other interest rate contracts, exchange traded interest rate futures and exchange traded interest rate options.

The tables below analyse, at the reporting date, the contractual undiscounted cash flows of derivative financial assets and liabilities of the Group and the Bank that will be settled on a net basis, based on their remaining period according to the contract.

Amounts in million euros (Unless otherwise stated)

Group - 31/12/2018	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Foreign exchange derivatives	(0)	0	2	15	10	28
Total	**(0)**	**0**	**2**	**15**	**10**	**28**

Group - 31/12/2017	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Interest rate derivatives	(0)	(0)	1	8	3	11
Total	**(0)**	**(0)**	**1**	**8**	**3**	**11**

Bank - 31/12/2018	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Foreign exchange derivatives	(0)	0	2	15	10	28
Total	**(0)**	**0**	**2**	**15**	**10**	**28**

Bank - 31/12/2017	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Interest rate derivatives	(0)	(0)	1	8	3	11
Total	**(0)**	**(0)**	**1**	**8**	**3**	**11**

Derivatives settled on a gross basis

The Group and the Bank's derivatives that are settled on a gross basis include: a) foreign exchange derivatives: currency forward, currency swaps, b) interest rate derivatives: cross currency interest rate swaps and c) options.

The tables below analyse, at the reporting date, the derivative financial instruments (both derivative assets and derivative liabilities) that will be settled on a gross basis based on their remaining period according to the contract. The total pay leg (outflow) and receive leg (inflow) and for each type of derivative and for each maturity group are disclosed at their contractual undiscounted amounts.

Group - 31/12/2018	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Interest rate derivatives						
Outflow	(1,149)	(851)	(1,321)	(265)	-	**(3,585)**
Inflow	1,140	834	1,293	228	-	**3,495**

Group - 31/12/2017	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Foreign exchange derivatives						
Outflow	(1,268)	(995)	(1,190)	(315)	-	**(3,768)**
Inflow	1,274	1,014	1,220	277	-	**3,786**

Amounts in million euros (Unless otherwise stated)

Bank - 31/12/2018	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Interest rate derivatives						
Outflow	(1,157)	(851)	(1,321)	(265)	-	**(3,594)**
Inflow	1,148	834	1,293	228	-	**3,503**

Bank - 31/12/2017	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Derivatives held for trading						
-Foreign exchange derivatives						
Outflow	(1,383)	(1,204)	(1,249)	(315)	-	**(4,150)**
Inflow	1,389	1,221	1,279	277	-	**4,165**

Off Balance Sheet Items

Group - 31/12/2018	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Letters of Guarantee	51	138	412	2,183	5	**2,788**
Letters of Credit	11	16	6	-	-	**33**
Irrevocable undrawn credit commitments	2	0	7	195	265	**469**

Group - 31/12/2017	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Letters of Guarantee	139	83	503	2,041	5	**2,770**
Letters of Credit	17	11	9	-	-	**37**
Irrevocable undrawn credit commitments	44	16	225	136	79	**500**

Bank - 31/12/2018	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Letters of Guarantee	50	137	428	2,391	5	**3,012**
Letters of Credit	11	16	4	-	-	**32**
Irrevocable undrawn credit commitments	0	0	7	240	265	**513**

Bank - 31/12/2017	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Letters of Guarantee	136	86	482	2,230	4	**2,939**
Letters of Credit	17	11	6	-	-	**34**
Irrevocable undrawn credit commitments	20	1	149	124	61	**354**

4.14 Transfers of financial assets

The Group and the Bank transfer all or part of a financial asset if and only if: (a) transfer their contractual rights to receive the cash flows from that financial asset or (b) retain the contractual rights to collect the cash flows and assume at the same time an obligation to pay those cash flows to one or more recipients.

In the context of its normal course of business, the Group and the Bank transfer financial assets to third parties or special purpose vehicles, which are not derecognised from its separate and consolidated Statement of Financial Position, as the Group and the Bank are exposed to the risks and rewards arising from these financial assets. The Group and the Bank have not transferred any financial assets, which are recognised in the Statement of Financial Position to the extent of its continuing involvement.

Amounts in million euros (Unless otherwise stated)

The carrying amount of the financial assets that have been transferred but are still recognised in the Statement of Financial Position, as well as the open loan accounts of the liabilities associated with the aforementioned assets are as follows:

Group	**Transferred assets**			**Associated liabilities**		
31/12/2018	**Carrying amount**	**Of which: securitizations**	**Of which: repurchase agreements**	**Carrying amount**	**Of which: securitizations**	**Of which: repurchase agreements**
Financial assets at FVTPL	252	-	252	225	-	225
Loans and advances to customers	8,421	676	607	4,114	528	422
Financial assets at FVTOCI	1,149	-	1,110	957	-	926
Debt securities at amortised cost	208	-	203	198	-	194
Total	**10,031**	**676**	**2,172**	**5,493**	**528**	**1,766**

Group	**Transferred assets**			**Associated liabilities**		
31/12/2017	**Carrying amount**	**Of which: securitizations**	**Of which: repurchase agreements**	**Carrying amount**	**Of which: securitizations**	**Of which: repurchase agreements**
Financial assets at FVTPL	1,473	-	-	1,344	-	-
Loans and advances to customers	30,212	67	2,452	8,395	64	1,317
Available for sale securities	1,503	-	68	975	-	57
Total	**33,188**	**67**	**2,519**	**10,714**	**64**	**1,374**

Bank	**Transferred assets**			**Associated liabilities**		
31/12/2018	**Carrying amount**	**Of which: securitizations**	**Of which: repurchase agreements**	**Carrying amount**	**Of which: securitizations**	**Of which: repurchase agreements**
Financial assets at FVTPL	275	-	275	243	-	243
Loans and advances to customers	8,421	676	607	4,114	528	422
Financial assets at FVTOCI	1,316	-	1,277	1,093	-	1,062
Debt securities at amortised cost	208	-	203	198	-	194
Total	**10,220**	**676**	**2,361**	**5,648**	**528**	**1,920**

Bank	**Transferred assets**			**Associated liabilities**		
31/12/2017	**Carrying amount**	**Of which: securitizations**	**Of which: repurchase agreements**	**Carrying amount**	**Of which: securitizations**	**Of which: repurchase agreements**
Financial assets at FVTPL	1,473	-	-	1,344	-	-
Loans and advances to customers	30,212	67	2,452	8,395	64	1,317
Available for sale securities	1,693	-	259	1,137	-	220
Total	**33,378**	**67**	**2,711**	**10,876**	**64**	**1,537**

Securitisation

The Group and the Bank securitise mortgages, consumer, personal and other loans and credit cards, as well as corporate and open revolving accounts, through special purpose vehicles ("SPV"). These SPV's are consolidated in the Bank, in order to raise funding. The aforementioned SPVs have proceeded with the issuance of securities. The Group and the Bank retain substantially all the risks and rewards of the aforementioned financial assets and as a result do not proceed to their derecognition from the Statement of Financial Position of the Group and the Bank respectively.

Amounts in million euros (Unless otherwise stated)

Raising funding through the Eurosystem and repurchase agreements

The Group and the Bank raise funding from the Eurosystem through pledging securities. Additionally, the Group and the Bank proceed to repurchase agreements. The aforementioned securities do not qualify for derecognition from the Statement of Financial Position, as the Group and the Bank retain substantially all the risks and rewards of the securities.

4.15 Financial assets and liabilities not measured at fair value

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

Group	Carrying Value		Fair Value	
Assets	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Loans and advances to credit institutions	1,120	2,148	1,120	2,148
Reverse repos with customers	103	90	103	90
Loans and advances to customers at amortised cost	39,757	44,720	39,495	43,860
Debt securities at amortised cost	208	23	213	23
Other Assets - Financial Instruments	1,142	961	1,142	961

Group	Carrying Value		Fair Value	
Liabilities	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Due to credit institutions	5,548	11,435	5,548	11,435
Due to customers	44,739	42,715	44,739	42,716
Debt securities in issue	528	435	516	408
Obligations under finance leases	40	73	40	73

Bank	Carrying Value		Fair Value	
Assets	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Loans and advances to credit institutions	1,130	2,092	1,130	2,092
Reverse repos with customers	103	89	103	89
Loans and advances to customers at amortised cost	40,557	44,885	40,369	44,068
Debt securities at amortised cost	208	23	213	23
Other Assets - Financial Instruments	1,153	1,133	1,153	1,133

Bank	Carrying Value		Fair Value	
Liabilities	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Due to credit institutions	5,862	11,772	5,862	11,772
Due to customers	44,919	41,301	44,919	41,301
Debt securities in issue	528	435	516	408

The fair value as at 31/12/2018 of loans and advances to credit institutions, reverse repos with customers, due to credit institutions, due to customers and liabilities under finance leases which are measured at amortised cost, are not materially different from the respective carrying values since they are very short term in duration and priced at current market rates. These rates are often repriced and due to their short duration they are discounted with the risk free rate.

Amounts in million euros (Unless otherwise stated)

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

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

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

Classification of assets and liabilities measured at amortised cost, according to the fair value hierarchy levels of IFRS 13 as at 31/12/2018 and 31/12/2017, is presented in the tables below:

Group	Analysis of fair value in levels as at 31/12/2018		
	Level 2	Level 3	Total
Assets			
Loans and advances to customers at amortised cost	0	39,495	39,495
Debt securities at amortised cost	213	-	**213**
Other Assets - Financial Instruments		1,142	**1,142**
Liabilities			
Debt securities in issue	516	-	**516**

Group	Analysis of fair values in levels as at 31/12/2017		
	Level 2	Level 3	Total
Assets			
Loans and advances to customers	0	43,860	43,860
Debt securities at amortised cost	23	-	**23**
Other Assets - Financial Instruments		961	**961**
Liabilities			
Debt Securities in Issue	408	-	**408**

Bank	Analysis of fair value in levels as at 31/12/2018		
	Level 2	Level 3	Total
Assets			
Loans and advances to customers at amortised cost	0	40,369	40,369
Debt securities at amortised cost	213	-	**213**
Other Assets - Financial Instruments		1,153	**1,153**
Liabilities			
Debt securities in issue	516	-	**516**

Amounts in million euros (Unless otherwise stated)

Bank	Analysis of fair value in levels as at 31/12/2017		
	Level 2	Level 3	Total
Assets			
Loans and advances to customers	-	44,068	44,068
Debt securities-receivables	23	-	**23**
Other Assets - Financial Instruments		1,133	**1,133**
Liabilities			
Debt Securities in Issue	408	-	**408**

4.16 Financial assets and liabilities measured at fair value

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

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

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

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

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. This level includes OTC derivatives, bonds and shares. Input parameters are based on yield curves or data which are observable and are not included in Level 1.

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

Specifically:

Shares and other variable income securities at fair value

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

Derivative financial instruments

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

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

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

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

Amounts in million euros (Unless otherwise stated)

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

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

Group	Assets & Liabilities measured at fair value			
31/12/2017	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments - assets	-	446	14	**460**
Financial instruments at FVTPL	**35**	**1,465**	**0**	**1,500**
- Bonds	11	-	-	**11**
- Shares & other variable income securities	24	-	-	**24**
- Other financial instruments	-	1,465	-	**1,465**
Available for Sale Securities	**1,832**	**212**	**160**	**2,204**
- Bonds	584	136	-	**720**
- Treasury bills	1,149	34	-	**1,183**
- Shares & other variable income securities	100	42	160	**302**
Liabilities				
Derivative financial instruments - liabilities	-	377	25	**402**

Amounts in million euros (Unless otherwise stated)

Bank	Assets & Liabilities measured at fair value			
31/12/2018	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments - assets	-	372	8	**380**
Financial instruments at FVTPL	**372**	**0**	**0**	**372**
- Bonds	190	-	-	**190**
- Treasury bills	182	-	-	**182**
Financial assets mandatorily at FVTPL	**59**	**0**	**52**	**110**
- Bonds	-	-	16	**16**
- Shares & other variable income securities	59	-	36	**94**
Loans and advances to customers mandatorily at FVTPL	-	-	84	**84**
Financial assets at FVTOCI	**2,133**	**51**	**79**	**2,262**
- Bonds	2,093	-	-	**2,093**
- Shares & other variable income securities	40	51	79	**170**
Liabilities				
Derivative financial instruments - liabilities	-	413	-	**413**
Liabilities at FVTPL	62	-	-	**62**

Bank	Assets & Liabilities measured at fair value			
31/12/2017	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments - assets	-	447	14	**461**
Financial instruments at FVTPL	**11**	**1,465**	**0**	**1,476**
- Bonds	11	-	-	**11**
- Other financial instruments	-	1,465	-	**1,465**
Available for Sale Securities	**1,824**	**41**	**155**	**2,019**
- Bonds	575	-	-	**575**
- Treasury bills	1,149	-	-	**1,149**
- Shares & other variable income securities	100	41	155	**296**
Liabilities				
Derivative financial instruments - liabilities	-	379	25	**404**

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

For assets and liabilities valued at fair value on 31/12/2018, no transfers from Level 1 to Level 2 and vice versa occurred during 2018. The following tables present the movement of financial assets and liabilities measured at fair value within Level 3 as at 31/12/2018 and 31/12/2017:

Amounts in million euros (Unless otherwise stated)

Group	Reconciliation of Level 3 items (for the period 1/1 - 31/12/2018)				
	Financial assets mandatorily at FVTPL	Loans and advances to customers mandatorily at FVTPL	Financial assets at FVTOCI	Derivative financial instruments - assets	Derivative financial instruments - liabilities
Closing Balance as at 31/12/2017	-	-	-	14	25
Reclassification	72	123	116	(10)	-
Remeasurement due to IFRS 9 adoption	(9)	(16)	-	-	-
Opening balance as at 1/1/2018	**63**	**107**	**116**	**4**	**25**
Profit/ (loss) for the period	(5)	(14)	(0)	1	(25)
- Unrealised	(6)	(14)	-	1	(25)
- Realised	1	-	(0)	-	-
Other comprehensive income	-	-	24	-	-
Purchases	-	-	32	-	-
Disposals/ Settlements	(1)	(0)	(89)	-	-
Transfer into Level 3	0	-	-	-	-
Transfer to other assets	(5)	-	-	-	-
Transfer to discontinued operations	-	-	(1)	-	-
Transfer from loans and advances to customers at amortised cost	-	0	-	-	-
Transfer to Held for sale	-	(10)	-	-	-
Closing Balance as at 31/12/2018	**52**	**84**	**81**	**6**	**(0)**

Group	Reconciliation of Level 3 items (for the period 1/1 - 31/12/2017)		
	Derivative financial instruments - assets	Available for sale shares & other variable income securities	Derivative financial instruments - liabilities
Opening balance as at 1/1/2017	6	184	-
Profit/ (loss) for the period	8	0	25
- Unrealised	8	0	25
- Realised	-	-	-
Other comprehensive income	-	(19)	-
Purchases	-	2	-
Impairment	-	(2)	-
Disposals/ Settlements	-	(2)	-
Transfer into Level 3	-	3	-
Transfer to Loans and advances to customers	-	(6)	-
Closing Balance as at 31/12/2017	**14**	**160**	**25**

Amounts in million euros (Unless otherwise stated)

Bank	Reconciliation of Level 3 items (for the period 1/1 - 31/12/2018)				
	Financial assets mandatorily at FVTPL	Loans and advances to customers mandatorily at FVTPL	Financial assets at FVTOCI	Derivative financial instruments - assets	Derivative financial instruments - liabilities
Closing Balance as at 31/12/2017	-	-	-	14	25
Reclassification	72	123	111	(10)	-
Remeasurement due to IFRS 9 adoption	(9)	(16)	-	-	-
Opening balance as at 1/1/2018	**63**	**107**	**111**	**4**	**25**
Profit/ (loss) for the period	(5)	(14)	-	3	(25)
- Unrealised	(6)	(14)	-	3	(25)
- Realised	1	-	-	-	-
Other comprehensive income	-	-	24	-	-
Purchases	-	-	32	-	-
Disposals/ Settlements	(1)	-	(89)	-	-
Transfer into Level 3	0	0	-	-	-
Transfer to other assets	(5)	-	-	-	-
Transfer from loans and advances to customers at amortised cost	-	0	-	-	-
Transfer to Held for sale	-	(10)	-	-	-
Closing Balance as at 31/12/2018	**52**	**84**	**79**	**8**	**(0)**

Bank	Reconciliation of Level 3 items (for the period 1/1 - 31/12/2017)		
	Derivative financial instruments - assets	Available for sale shares & other variable income securities	Derivative financial instruments - liabilities
Opening balance as at 1/1/2017	6	183	-
Profit/ (loss) for the period	8	-	25
- Unrealised	8	-	25
- Realised	-	-	-
Other comprehensive income	-	(20)	-
Purchases	-	2	-
Impairment	-	(2)	-
Disposals/ Settlements	-	(2)	-
Transfer to Loans and advances to customers	-	(6)	-
Closing Balance as at 31/12/2017	**14**	**155**	**25**

Amounts in million euros (Unless otherwise stated)

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

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

31/12/2017	Sensitivity analysis of Level 3 hierarchy			
	Group		Bank	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
Income Statement				
Available for sale shares & other variable income securities	-	(37)	-	(37)
Derivative financial instruments - assets	3	(3)	3	(3)
Derivative financial instruments - liabilities	2	(2)	2	(2)
Equity Statement				
Available for sale shares & other variable income securities	17	1	17	1

Considering changes in the underlying share price by +/- 5%, in the volatility of the share price by +/- 10%, in interest rates by +/- 10 basis points and in credit spreads by +/- 100 basis points, the change in the fair value of the derivatives as compared to their fair value as at 31/12/2018, for derivatives financial instruments – asset, will range for the Group between +23% in the scenarios of favourable changes and +1% in the scenarios of unfavourable changes and for the Bank between +19% in the scenarios of favourable changes and -1% in the scenarios of unfavourable changes, respectively.

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

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

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

Amounts in million euros (Unless otherwise stated)

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

The table below presents the fair values for the financial assets and liabilities classified as discontinued operations in the Group's Statement of Financial Position and are measured at fair value for 31/12/2018 and 31/12/2017, respectively:

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

Group	Assets & Liabilities measured at fair value from discontinued operations			
31/12/2017	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments - assets	-	1	-	**1**
Financial instruments at FVTPL	**25**	**52**	**0**	**77**
- Bonds	-	52	-	**52**
- Treasury bills	25	-	-	**25**
Available for Sale Securities	**15**	**238**	**0**	**253**
- Bonds	-	238	-	**238**
- Treasury bills	15	-	-	**15**
- Shares & other variable income securities	-	0	0	**0**
Liabilities				
Derivative financial instruments - liabilities	-	0	-	**0**

4.17 Fiduciary activities

The Group and the Bank provide custody services to third parties for a wide range of financial instruments. These services include safekeeping of securities, clearing and settlement of securities transactions in the Greek market and abroad, execution of corporate actions, income collection, etc., on behalf of individuals, companies and institutional investors. Those assets and income collected on behalf of third parties are not included in the Financial Statements as the Group and the Bank serve as an agent. The Group and the Bank recognise only the commission income arising from these fiduciary activities. The aforementioned services give rise only to operational risk since the Group and the Bank do not guarantee these investments and therefore are not exposed to any credit risk.

Amounts in million euros (Unless otherwise stated)

4.18 Capital adequacy

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

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

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

Following the activation of the SSM on 4/11/2014, both the Group and the Bank were placed under the direct supervision of the ECB.

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

According to the decision, the Group and the Bank has to maintain an OCR of 14.00% (31/12/2018: 13.625%), which includes:

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

b) an additional Pillar II capital requirement of 3.25% (31/12/2018: 3.75%) as per article 16(2) of Regulation 1024/2013/EU;

c) the fully loaded capital conservation buffer of 2.5% (31/12/2018: 1.875%) under Greek Law 4261/2014; and

d) the transitional Other Systemic Important Institutions (O-SII) capital buffer of 0.25% (31/12/2018: 0%) under Greek Law 4261/2014.

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

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

The capital adequacy ratios as at 31/12/2018 and 31/12/2017 for the Group and the Bank, as calculated under the existing regulatory framework, taking into account the relevant transitional period provisions applicable under Regulation 575/2013 and the transitional arrangements applicable under Regulation (EU) 2395/2017 for mitigating the impact of the introduction of IFRS 9 on own funds.

Amounts in million euros (Unless otherwise stated)

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Ordinary shares	2,620	2,620	2,620	2,620
Share premium	13,075	13,075	13,075	13,075
Contingent Convertible bonds	2,040	2,040	2,040	2,040
Less: Treasury shares	(0)	(0)	-	-
Available for sale reserve	-	79	-	90
Legal reserve and other reserves	155	(68)	163	69
Retained earnings	(10,499)	(8,327)	(10,343)	(8,468)
Minority Interest	116	126	-	-
Less: Intangible assets	(292)	(310)	(252)	(256)
Total regulatory adjustments on CETI capital	(724)	(1,523)	(612)	(1,376)
Common Equity Tier 1 Capital (CET1)	**6,489**	**7,711**	**6,689**	**7,794**
Hybrid capital	-	-	-	-
Total regulatory adjustments on CET1 capital	-	-	-	-
Tier 1 Capital (A)	**6,489**	**7,711**	**6,689**	**7,794**
Subordinated debt	-	-	-	-
Total regulatory adjustments on Tier II capital	-	-	-	-
Total Tier II Capital (B)	**0**	**0**	**0**	**0**
Total regulatory capital (A) + (B)	**6,489**	**7,711**	**6,689**	**7,794**
Total risk weighted assets (on and off- balance sheet items)	**47,554**	**50,981**	**45,563**	**47,864**
CET1 Capital ratio	**13.65%**	**15.12%**	**14.68%**	**16.28%**
T1 Capital ratio	**13.65%**	**15.12%**	**14.68%**	**16.28%**
Total Capital ratio	**13.65%**	**15.12%**	**14.68%**	**16.28%**

The total capital ratio for the Group and the Bank as at 31/12/2018 stood at 13.65% and 14.68% respectively, hence at a level that surpasses the Overall Capital Requirement ("OCR") ratio of 13.625% set by the SSM through the Supervisory Review and Evaluation Process ("SREP") and applicable with reference date 31/12/2018. For the pro-forma CRD IV total capital adequacy ratio please refer to the Board of Directors' Annual Report.

2018 EBA EU-Wide Stress Test

On 31/1/2018, the European Banking Authority (EBA), in coordination with the SSM, launched the 2018 EU-wide stress test (2018 ST Exercise), which was designed to provide supervisors, banks and other market participants with a common analytical framework to consistently compare and assess the resilience of EU banks to economic shocks. For the first time, it incorporated the new accounting standard IFRS 9 "Financial Instruments". No pass-fail capital threshold had been included, as the results, of the exercise were designed to serve as an input to the SREP.

The 2018 ST Exercise was carried out on a sample of banks covering broadly 70% of the banking sector in the euro area, including all the four Greek systemic banks. The 2018 ST Exercise was run at the highest level of consolidation. The 2018 ST

Exercise was carried out on the basis of actual figures as at 31/12/2017, under the assumption of a static balance sheet, and the scenarios were applied over the three year period from 2018 to 2020.

The 2018 ST Exercise covered Piraeus Bank S.A. as a consolidated group, including all subsidiaries and branches, both domestic and international. The 2018 ST Exercise captured risks at various levels, ranging from portfolios, obligors, to exposures and transactions. All applicable risk groups as per the 2018 EBA ST Methodology were covered in the Bank's stress test results, including net interest income, credit risk, market risk, conduct risk and other operational risks, as well as other pertinent P&L and capital risks.

On 5/5/2018, the ECB announced the results of the 2018 ST Exercise conducted by the ECB concerning the four Greek systemic banks. Under the 2018 ST Exercise Piraeus Bank Group posted a Transitional Common Equity Tier 1 capital ratio (CET1 Capital ratio) of 14.5% under the "baseline" scenario and 5.9% under the "adverse" scenario for the year-ending 31/12/2020.

Management is currently executing a capital-strengthening plan to ensure that the Group and the Bank continues to remain above the applicable capital requirements at all times, and to accelerate its balance sheet de-risking process and NPE deleveraging strategy.

4.19 Risks related to the recognition of the main part of deferred tax assets as claims (Deferred Tax Credits) against the Greek State as regulatory capital or as an asset

The calculation of the capital adequacy ratios of the Group and the Bank, takes into account the deferred tax assets which have been recognised on the basis of the relevant provisions of the IFRSs. As at 31/12/2018, the deferred tax asset of the Group and the Bank amounted to € 6,647 million (31/12/2017: € 6,543 million) and € 6,600 million (31/12/2017: € 6,484 million) respectively. At each reporting date, the Group and the Bank reviews the carrying amount of its DTAs, which is likely to lead to a change in the DTA recognised in the Statement of Financial Position, and consequently affect the calculation of the capital adequacy ratios. Under the current directive about the capital adequacy ("CRD IV"), deferred tax assets which are recognised according to the IFRSs and are based on the future profitability of the Group, are deducted from the Common Equity Tier 1 capital ("CET1") if they exceed specific limits.

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

Existing shareholders will have a call option right. The above-mentioned reserve will be capitalized and new ordinary shares will be issued in favor of the Greek State. If the right of conversion is exercised by the Greek State, the ownership of these common or cooperative shares will come automatically and without consideration to the HFSF. Furthermore, a gradual amortization over a 20-year period of the final tax losses arising from write-offs and disposals is provided, maintaining the DTC status during all this period, while it disconnects the accounting write-offs from final debt write-offs.

As at 31/12/2018, the deferred tax assets of the Group and the Bank, which are eligible to Tax Credit, amounted to € 3,938 million of which € 1,271 million relate to the remaining unamortized amount of debit difference from the participation of the Bank in the PSI program and € 2,668 million relate to the temporary differences between the amount of loans and advances to customers in accordance with IFRS and the tax base amount, respectively.

The recognition of deferred tax assets as well as their probable conversion to claims against the Greek State (Tax Credits) can be adversely affected by: a) the future reduction of income tax rates, b) the adverse change of the regulations governing the treatment of deferred tax assets for regulatory capital purposes and c) any adverse change in the interpretation of the aforementioned legislative amendments by the European Commission. In case where any of the aforementioned risks occurs, it would probably have an adverse effect on the adequacy of the Group's and the Bank's regulatory capital adequacy ratios.

5 Segment analysis

A) Business segments

In Q1 2018 the Executive Committee of the Group in line with implementation of "Agenda 2020" strategic plan has changed its segment analysis from the traditional product oriented segmentation applied up to and including 31/12/2018 to a customer oriented segmentation perspective. According to IFRS 8 "Operating Segments", the identification of business segments results from the internal reports that are regularly reviewed by the Executive Committee in order to monitor and assess each segment's performance. Significant elements are the evolution of figures and results per segment.

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

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

The new segments that have derived from the above are defined as follows:

<u>Piraeus "Core" Segments</u>

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

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

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

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

“Piraeus Legacy Unit” - (PLU) Segment

PLU – This segment includes the Recovery Banking Unit (“RBU”) which is considered to be non-core business, the international subsidiaries as there is a clear commitment through the Bank’s Restructuring Plan to deleverage from its foreign assets as well as Real Estate Owned (“REO”), non-core Greek subsidiaries and discontinued operations.

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

Amounts in million euros (Unless otherwise stated)

Group	"Core" Segments						
1/1 - 31/12/2018	Retail Banking	Corporate Banking	PFM	Other	Total	PLU	Group
Net interest income	571	447	108	(12)	1,114	296	**1,410**
Net fee and commission income	159	133	4	29	324	15	**339**
Other income	6	3	43	91	143	(10)	**133**
Total Net Income	**736**	**583**	**155**	**108**	**1,581**	**301**	**1,882**
Other operating expenses	(477)	(149)	(23)	(280)	(930)	(231)	**(1,161)**
Profit/ (loss) before provisions, impairment and income tax	**259**	**434**	**131**	**(172)**	**651**	**70**	**721**
ECL impairment losses on loans and advances to customers at amortised cost	(37)	(76)	0	(5)	(118)	(414)	**(532)**
Impairment losses on other assets	-	-	-	(27)	(27)	(36)	**(63)**
ECL impairment (losses) / releases on financial assets at FVTOCI	-	-	6	-	6	-	**6**
Impairment on investment securities and participations	-	-	-	(0)	(0)	(50)	**(50)**
Impairment of property and equipment and intangible assets	-	-	-	(23)	(23)	(7)	**(30)**
Impairment on assets held for sale	-	-	-	-	-	0	**0**
Other impairment losses	-	-	0	(0)	0	(0)	**0**
Other provisions	-	-	-	17	17	(3)	**14**
Share of profit/ (loss) of associates and joint ventures	-	-	-	32	32	(17)	**15**
Profit/ (loss) before income tax	**222**	**358**	**137**	**(179)**	**538**	**(458)**	**80**
Income tax benefit/ (expense)							93
Profit/ (loss) for the year from continuing operations							**173**
Profit/ (loss) after income tax from discontinued operations	-	-	-	-	-	(344)	**(344)**
Profit/ (loss) for the year							**(170)**
As at 31/12/2018							
Total assets from continuing operations (excluding assets held for sale)	10,162	13,830	5,768	11,257	41,018	18,834	**59,852**
Total assets from discontinued operations	-	-	-	-	-	1,721	**1,721**
Assets held for sale	-	33	-	-	33	274	**307**
Total assets	10,162	13,862	5,768	11,257	41,050	20,829	**61,880**
Total liabilities	33,044	7,643	9,023	1,951	51,662	2,712	**54,374**

Amounts in million euros (Unless otherwise stated)

Group	"Core" Segments						
1/1 - 31/12/2017	Retail Banking	Corporate Banking	PFM	Other	Total	PLU	Group
Net interest income	595	514	153	(36)	1,226	413	**1,639**
Net fee and commission income	149	128	3	43	323	7	**331**
Other income	6	3	104	43	156	21	**177**
Total Net Income	**749**	**645**	**260**	**51**	**1,706**	**441**	**2,146**
Other operating expenses	(516)	(194)	(28)	(104)	(842)	(264)	**(1,106)**
Profit/ (loss) before provisions, impairment and income tax	**233**	**451**	**232**	**(53)**	**864**	**177**	**1,041**
Impairment losses on loans and advances to customers	(5)	(588)	(0)	(29)	(622)	(1,399)	**(2,020)**
Impairment losses on other assets	-	-	-	(37)	(37)	(49)	**(86)**
Impairments on participations and investment securities	-	-	-	(49)	(49)	28	**(20)**
Impairments of property and equipment and intangible assets	-	-	-	(10)	(10)	(68)	**(78)**
Impairments on assets held for sale	-	-	-	-	-	1	**1**
Other provisions	-	-	-	(25)	(25)	(0)	**(25)**
Share of profit/ (loss) of associates and joint ventures	-	-	-	(39)	(39)	8	**(31)**
Profit/ (loss) before income tax	**229**	**(137)**	**232**	**(240)**	**83**	**(1,303)**	**(1,219)**
Income tax benefit/ (expense)							1,207
Profit/ (loss) for the year from continuing operations							**(13)**
Profit/ (loss) after income tax from discontinued operations	-	-	-	-	-	(192)	**(192)**
Profit/ (loss) for the year							**(204)**
As at 31/12/2017							
Total assets from continuing operations (excluding assets held for sale)	11,232	15,510	6,058	9,708	42,508	22,607	**65,115**
Total assets from discontinued operations	-	-	-	-	-	2,284	**2,284**
Assets held for sale	-	-	-	-	-	18	**18**
Total assets	11,232	15,510	6,058	9,708	42,508	24,909	**67,417**
Total liabilities	31,158	7,834	13,079	3,343	55,415	2,457	**57,872**

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

Amounts in million euros (Unless otherwise stated)

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

b) Geographical segment

The Group operates in 3 main geographical areas. Greece is the home country of the Bank. The areas of operations in Greece include all the primary business segments.

In Rest of Europe, the countries in which the Group operates include Albania, Bulgaria, Romania, Serbia, Ukraine, Cyprus, United Kingdom, Luxemburg and Germany.

The following table incorporates geographical concentrations of net income and non current assets of the Group, as required by IFRS 8. The allocation is based on the location of the subsidiaries.

Group - 1/1 - 31/12/2018	Net Income	Non current assets
Greece	1,833	2,199
Rest of Europe	49	177
Other countries	(0)	5
Continuing Operations	**1,882**	**2,380**
Discontinued Operations	**(29)**	**85**

Group 1/1 - 31/12/2017	Net Income	Non current assets
Greece	2,088	2,222
Rest of Europe	67	236
Other countries	(9)	4
Continuing Operations	**2,146**	**2,463**
Discontinued Operations	**204**	**407**

Discontinued operations for the year ended 31/12/2018 includes the results of IMITHEA S.A., Tirana Bank I.B.C. S.A. and Piraeus Bank Bulgaria A.D. for the period 1/1 - 31/12/2018, Piraeus Bank Romania S.A. until the day of its disposal on 29/6/2018, Piraeus Bank Beograd A.D. until the day of its disposal on 23/4/2018, Piraeus Leasing Doo Beograd and Sentinel Advisors S.A. (former ATE Insurance Romania S.A.) for the Q1 2018 and Olympic Commercial & Tourist Enterprises S.A. until 28/2/2018. Relevant information is provided in Note 15.

Discontinued operations as at 31/12/2018 includes the non-current assets of Tirana Bank I.B.C. S.A., Piraeus Bank Bulgaria A.D. and IMITHEA S.A..

Discontinued operations for the year ended 31/12/2017 includes the results of Sentinel Advisors S.A. (former ATE Insurance Romania S.A.), Olympic Commercial & Tourist Enterprises S.A., IMITHEA S.A., Piraeus Bank Romania S.A., Piraeus Bank Beograd A.D. and Piraeus Leasing Doo Beograd.

Discontinued operations as at 31/12/2017 includes the non-current assets of Sentinel Advisors S.A. (former ATE Insurance Romania S.A.), Olympic Commercial & Tourist Enterprises S.A., IMITHEA S.A., Piraeus Bank Romania S.A., Piraeus Bank Beograd A.D. and Piraeus Leasing Doo Beograd.

Amounts in million euros (Unless otherwise stated)

6 Net interest income

	Group		Bank	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Interest and similar income				
Securities measured at FVTOCI	47	-	46	-
Available for Sale securities	-	78	-	77
Debt Securities at amortised cost	1	11	1	11
Loans and advances to customers and reverse repos	1,711	1,999	1,698	1,988
Loans and advances to credit institutions	4	4	6	13
Other	17	21	9	17
Total interest income for financial instruments not measured at FVTPL	**1,779**	**2,114**	**1,761**	**2,105**
Financial instruments measured at FVTPL	12	10	12	10
Derivative financial instruments	84	77	80	73
Total interest and similar income	**1,874**	**2,200**	**1,852**	**2,188**
Interest expense and similar charges				
Due to customers and reverse repos with customers	(226)	(205)	(226)	(205)
Debt securities in issue	(6)	(2)	(6)	(2)
Due to credit institutions	(32)	(127)	(36)	(138)
Contribution of Law 128/75	(81)	(130)	(81)	(130)
Other interest expense	(17)	(1)	(19)	(6)
Total interest expense from financial instruments not measured at FVTPL	**(362)**	**(465)**	**(368)**	**(482)**
Interest expense - Financial instruments measured at FVTPL	(2)	(0)	(2)	(0)
Interest expense - Derivative financial instruments	(101)	(96)	(97)	(92)
Total interest expense	**(465)**	**(561)**	**(467)**	**(574)**
Net interest income	**1,410**	**1,639**	**1,385**	**1,614**

Net interest income during 2018 amounted to €1,410 million and €1,385 million for the Group and the Bank respectively (2017: Group: €1,639 million and Bank: €1,614 million). This decrease is mainly due to:

a) the lower interest bearing balances in Stage 3 in 2018 due to both the increased impairment charges made mainly in Q4 2017 and the IFRS 9 FTA impact as of 1/1/2018,

b) the reduction of the loan yields,

c) the reduction in the fixed income portfolio and

d) deleveraging of the loan portfolio.

The decrease of interest income was partially offset by the improvement of the funding cost, mainly due to the repayment of the ELA in July 2018.

For the restatements/reclassifications made during the period 1/1 – 31/12/2017, due to comparison purposes, in line "Net interest income", please refer to the Note 51.

Amounts in million euros (Unless otherwise stated)

Interest income recognised by quality and product line

The table below shows the interest income recognised by quality of loans and advances to customers at amortised cost and reverse repos.

Group	31/12/2018			
	Stage 1 & 2	Stage 3	POCI	Total
Retail Lending	356	148	43	**547**
Corporate Lending	595	487	75	**1,157**
Public Sector Lending	6	1	0	**7**
Total Interest income	**957**	**636**	**118**	**1,711**

Bank	31/12/2018			
	Stage 1 & 2	Stage 3	POCI	Total
Retail Lending	355	148	43	**547**
Corporate Lending	602	470	73	**1,145**
Public Sector Lending	6	1	0	**7**
Total Interest income	**963**	**619**	**116**	**1,698**

The Group and the Bank have adopted the preferred approach by the Transition Resource Group for Impairment of Financial Instruments ("ITG Approach A") for measuring interest income on credit impaired loans and advances to customers at amortised cost in order to fully comply with IFRS 9. According to the ITG Approach A, both the gross carrying amount of the credit impaired loans and their respective ECL allowances are being "grossed up" by the amount of the corresponding accrued interest income. According to the provisions of IFRS 9, the gross carrying amount of a financial asset may be directly reduced when there is no reasonable expectation of recovering the financial asset in its entirety or a portion thereof. As such, the Group and the Bank proceed with writing off the amount of the "grossed up" loan balance as it is not considered recoverable.

	Group			Bank		
31/12/2017	Interest income on non-impaired Loans and advances to customers	Interest income on impaired Loans and advances to customers	Total	Interest income on non-impaired Loans and advances to customers	Interest income on impaired Loans and advances to customers	Total
Retail Lending	357	298	655	356	298	654
Corporate Lending	822	508	1,330	832	488	1,319
Public Sector Lending	14	0	14	14	0	14
Total interest income	**1,192**	**807**	**1,999**	**1,202**	**786**	**1,988**

Amounts in million euros (Unless otherwise stated)

7 Net fee and commission income

	Group		Bank	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Fee and commission income				
Commercial banking	406	385	358	335
Investment banking	11	12	5	6
Asset management	13	14	9	10
Total fee and commission income	**429**	**411**	**372**	**351**
Fee and commission expense				
Commercial banking	(87)	(77)	(83)	(89)
Investment banking	(3)	(3)	(0)	-
Asset management	(0)	(0)	(0)	(0)
Total fee and commission expense	**(90)**	**(80)**	**(83)**	**(89)**
Net fee and commission income	**339**	**331**	**289**	**262**

Commercial banking fee and commission income includes an amount of € 48 million relating to an extraordinary quality commission received by the Bank from its international partner for past performance for general insurance business, according to the applicable provisions of IFRS 15 "Revenue from Contracts with Customers".

The Group and the Bank do not have any commissions from financial assets at FVTOCI.

For the restatements / reclassifications made during the period 1/1 – 31/12/2017, in line "Net fee and commission income" for comparability purposes, please refer to the Note 51.

IFRS 15 "Revenue from contracts with customers" First Time Adoption Transitional Disclosures

IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers.

The Group and the Bank apply IFRS 15 from 1/1/2018 and onwards, when entering into contracts to provide services to customers, unless the contracts are in the scope of other IFRSs, such as IFRS 9 "Financial Instruments".

Nature of the change in accounting policy

The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to the users of financial statements about the nature, amount, timing and uncertainty of revenue and flows arising from a contract with a customer.

IFRS 15 outlines the principles an entity must apply to measure and recognise revenue and the related cash flows. The core principle is that an entity will recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. Therefore, revenue should either be recognised at a point-in-time or over-time depending on the time period the service is being delivered to the customer. An asset is transferred when (or as) the customer obtains control of that asset.

The main revenue stream of the Group and the Bank is "Interest income" which does not fall in the scope of IFRS 15.

However, the Group and the Bank apply IFRS 15 and the five – step approach in revenue recognition coming from banking related and other services, which are mainly the following:

• **Commission income on banking services relating to retail and corporate customers**

Fee and commission income are recognised over time when the relevant performance obligations are satisfied. Fees on the execution of transactions (i.e. currency exchange transactions, customers' trading in securities, etc.) are recognised at a point in time i.e. on the completion of the transaction.

• **Commission income on asset management and treasury activities**

Fee income on asset management services and on real estate management services is recognised over time as the service is being provided to the customer.

• **Agency fees (included in Fee and Commission Income)**

Loan syndication fees are recognised as fee and commission income when the syndication has been completed and the Group and the Bank retain no part on the loan package for itself. Fee and commission income arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, is recognised at a point in time i.e. on the completion of the underlying transaction.

• **Other income** such as gain on the sale of fixed assets, gain on the sale of inventories and remunerations.

IFRS 15 First Time Adoption as at 1/1/2018

The Group and the Bank applied IFRS 15 retrospectively as per the transition requirements of the aforementioned standard. Management carried out an exercise for the impact assessment of IFRS 15 to the Group and the Bank as of 1/1/2018. As per this exercise, no impact resulted to the Financial Statements of the Group and the Bank. Therefore, although the aforementioned categories fall within the scope of IFRS 15, based on the results of the aforementioned exercise there is no change in the current accounting treatment.

The tables below present commission income from contracts with customers for the Group and the Bank for the year 2018 which fall within the scope of IFRS 15. The Group and the Bank have disaggregated commission income recognised from contracts with customers per product type and per IFRS 8 business segments as per Note 5, prior to the deduction of any associated expenses:

a. Fee and commission income

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

Amounts in million euros (Unless otherwise stated)

Group Fee and Commission income	Retail Banking	Corporate Banking	Piraeus Financial Markets	Other	PLU	Total
Acquiring	33	29	1	-	2	**65**
Asset management/Brokerage	18	1	4	1	-	**24**
Bancassurance	23	5	-	57	3	**88**
Cards Issuance	30	3	-	1	3	**37**
Deposits Commissions	6	1	-	-	1	**8**
Funds Transfer	36	12	-	-	3	**51**
Letters of Guarantee	2	29	-	-	3	**34**
Loans and advances to customers at amortised cost	7	62	-	(31)	6	**44**
Other	18	4	-	1	4	**27**
Payments	20	5	1	1	-	**27**
FX fees	20	3	-	-	1	**24**
Total	**213**	**154**	**6**	**30**	**26**	**429**

Bank Fee and Commission income	Retail Banking	Corporate Banking	Piraeus Financial Markets	Other	PLU	Total
Acquiring	33	29	1	-	2	**65**
Asset management/Brokerage	8	-	3	-	-	**11**
Bancassurance	-	-	-	50	-	**50**
Cards Issuance	30	3	-	1	3	**37**
Deposits Commissions	6	1	-	-	1	**8**
Funds Transfer	36	12	-	-	3	**51**
Letters of Guarantee	2	29	-	-	3	**34**
Loans and advances to customers at amortised cost	7	57	-	(30)	6	**40**
Other	18	5	-	1	-	**24**
Payments	20	5	1	1	-	**27**
FX fees	20	3	-	-	1	**24**
Total	**180**	**144**	**5**	**23**	**19**	**372**

b. Other income

The tables below present other income from contracts with customers for the Group and the Bank for the year 2018 which fall within the scope of IFRS 15. Other income from rents and valuation of property have been excluded from the tables below as they do not fall within the scope IFRS 15.

The Group and the Bank have disaggregated other income as analysed in Note 12 recognised from contracts with customers per product type and IFRS 8 as per Note 5.

Amounts in million euros (Unless otherwise stated)

Group				
Other Income	**Retail Banking**	**Other**	**PLU**	**Total**
Other operating income	-	35	28	**63**
Gain from sale of investment property	-	-	-	**0**
Gain from sale of other assets	-	-	5	**5**
Total	**0**	**35**	**33**	**68**

Bank				
Other Income	**Retail Banking**	**Other**	**PLU**	**Total**
Other operating income	-	35	-	**35**
Gain from sale of investment property	-	-	-	**0**
Gain from sale of other assets	-	-	5	**5**
Total	**0**	**35**	**5**	**40**

8 Dividend income

	Group		Bank	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Dividend income from subsidiaries	-	-	24	70
Dividend income from AFS securities	-	8	-	8
Dividend income from financial assets measured at FVTPL	0	0	-	-
Dividend income from financial assets measured at FVTOCI	7	-	7	-
Dividend Income	**7**	**8**	**31**	**78**

Amounts in million euros (Unless otherwise stated)

9 Net gain/ (losses) from financial instruments measured at fair value through profit or loss

	Group		Bank	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Gains / (losses) on FX Swaps and FX differences	19	4	16	8
Gains / (losses) on shares and mutual funds	0	0	-	-
Gains / (losses) on derivatives	5	38	5	37
Gains / (losses) on bonds and treasury bills	5	4	5	4
Net trading income (A)	**29**	**46**	**26**	**49**
Net income from other financial instruments designated at fair value through profit or loss (B)	**25**	**(24)**	**25**	**(24)**
Gains / (losses) on shares and mutual funds	(12)	-	(12)	-
Gains / (losses) on debt securities	(3)	-	(3)	-
Gains / (losses) on evaluation of loans and advances to customers	(14)	-	(14)	-
Net income from other financial instruments mandatorily at fair value through profit or loss (C)	**(29)**	**0**	**(29)**	**0**
Net income from financial instruments measured at fair value through profit or loss (A) + (B) + (C)	**24**	**22**	**22**	**25**

10 Results from investment securities

	Group	Bank
	1/1 - 31/12/2017	1/1 - 31/12/2017
Gains less losses on AFS - shares and mutual funds (Note 45)	1	0
Gains less losses on AFS - bonds (Note 45)	30	30
Gains less losses on sale of EFSF bonds	21	21
Results from investment securities	**52**	**51**

"Results from investment securities" for the Group and the Bank for the year 2017, were mainly due to: a) a gain of € 28 million from the sale of Greek government bonds of face value € 626 million and b) a gain of € 21 million from the sale of EFSF bonds of face value € 748 million within the framework of the ECB΄s Quantitative Easing (QE) program.

Amounts in million euros (Unless otherwise stated)

11 Net gain/ (losses) from financial instruments measured at fair value through other comprehensive income

	Group	Bank
	1/1 - 31/12/2018	1/1 - 31/12/2018
Net gain/ (losses) from financial instruments measured at FVTOCI	**17**	**17**

Upon the transition to IFRS 9, the AFS debt securities have been reclassified to the FVTOCI, hence there are no comparable amounts for the year 2018. "Net gain/ (losses) from financial instruments measured at FVTOCI" for the Group and the Bank for the year 2018 relates to the recycling of accumulated gain on the sale of debt securities.

Furthermore, in accordance with the provisions of IFRS 9 and the Classification & Measurement Policy for Financial Instruments of the Group and the Bank, the Group and the Bank have irrevocably elected on the transition to the IFRS 9 to designate some investments in equity instruments as FVTOCI. The cumulative gain/ (loss) on disposal is transferred from the line "Financial Assets at FVTOCI" directly to the "Retained Earnings", refer to Note 45.

12 Net other income/ (expenses)

	Group		Bank	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Net losses from fair value adjustment of investment property (Note 32)	(31)	(228)	(8)	(11)
Other income from real estate and industrial areas	(2)	294	-	-
Other income from derecognition of financial instruments measured at amortised cost	42	-	0	-
Rental income from investment property	38	32	10	10
Other income from banking activities	29	(10)	(2)	2
Other net income / (expense)	12	7	27	(11)
Total Net other income / (expense)	**87**	**95**	**27**	**(11)**

During 2017, pursuant to the Court decision No 2376/16.5.2017 issued by the Single Member Court of Appeal of Athens, the annual rent paid by the Group's subsidiary Picar S.A. to the Hellenic Army Pension Fund ("Fund") for Citylink was reduced by 20% for the period from 1/1/2014 to 31/12/2015. Furthermore, according to the above – mentioned Court decision, due to the Court settlement of the contract, the agreed gradual adjustment of the rent ceases to have effect for the future, i.e. since Picar's petition was served to the Fund (13/12/2013). Moreover, the Fund's petition for freezing injunction for the suspension of the execution of said Court decision before the Judge of the Supreme Court was rejected, pursuant to the Supreme Court's (fourth chamber) No 123/2017 decision. Additionally, the Fund's petition for the suspension of the execution of the above – mentioned decision before the Supreme Court was rejected. Each party to the proceedings filed a petition for cassation with the Supreme Court of Greece against parts of the said judgment that rejected their respective claims.

During 2018, the Fund's petition and additional petition for cassation against parts of said judgment were rejected, pursuant to the decision No 1465/2018 issued be the Supreme Court. Therefore, the decision No 2376/16.5.2017 issued by the Single Member Court of Appeal of Athens became final.

Amounts in million euros (Unless otherwise stated)

Management, based on the aforementioned Supreme Court decision remeasured the right of use and the obligation that derive from the leasing contract of the Group's subsidiary Picar S.A. with the Fund for Citylink.

This resulted in the following:

Group	1/1 - 31/12/2018	1/1 - 31/12/2017
Reduction in the fair value of the investment property charged to "Net loss from fair value of Investment property"	(4)	(183)
Gain from the reduction of the finance lease obligation charged to "Net gain from Other Income from real estate and industrial areas"	29	296
Impairment charge for property and equipment charged to ''Impairment of property and equipment and intangible assets'' (Note 31 & Note 32)	(7)	(58)
Total Net Gain	**18**	**55**

Future minimum lease receipts of the Group and the Bank are as follows:

Future minimum lease receipts	Group		Bank	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Up to 1 year	38	30	11	8
From 1 to 5 years	152	129	60	51
More than 5 years	93	100	18	26
Total	**283**	**258**	**89**	**85**

13 Staff costs

	Group		Bank	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Wages & salaries	(350)	(392)	(328)	(364)
Social insurance contributions	(93)	(102)	(88)	(96)
Other staff costs	(26)	(24)	(25)	(24)
Voluntary redundancy costs (Note 42)	(154)	(17)	(147)	(15)
Retirement benefit charges (Note 42)	7	(11)	7	(10)
Total	**(616)**	**(546)**	**(581)**	**(509)**

The number of staff employed by the continuing operations as at 31/12/2018 of the Group and the Bank was 12,616 and 11,794 respectively (31/12/2017: 15,546 and 12,913 respectively).

The increase of staff costs from € 546 million to € 616 for the Group and € 509 million to € 581 million for the Bank is mainly attributable to the launch of the Voluntary Exit Scheme (VES) by Management in February 2018 offset by the corresponding savings in staff cost for the employees that took part in the VES. The VES offered incentives to the employees of the Bank and the Greek subsidiaries as part of Management's execution of the "Agenda 2020" strategic plan, through cost-efficiency measures. The VES resulted in a total staff cost of € 154 million and € 147 million for the Group and the Bank respectively.

Amounts in million euros (Unless otherwise stated)

14 Administrative expenses

	Group		Bank	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Rental expense	(31)	(34)	(36)	(43)
Taxes and duties	(81)	(84)	(70)	(75)
Promotion and advertising expenses	(21)	(29)	(20)	(28)
Servicing - promotion of banking products	(27)	(33)	(40)	(44)
Fees and third parties expenses	(100)	(97)	(88)	(87)
Security and maintenance of property and equipment	(36)	(36)	(31)	(31)
Telecommunication and electricity expenses	(20)	(22)	(18)	(19)
Contribution expense in State Controlled Deposit Guarantee Scheme	(59)	(61)	(59)	(60)
Other administrative expenses	(66)	(66)	(58)	(61)
Total	**(441)**	**(460)**	**(420)**	**(449)**

Administrative expenses for the year 2018 for the Group and the Bank amounted to € 441 million and € 420 million respectively (2017: € 460 million and € 449 million respectively), a decrease by 4.3% and 6.5% compared to 2017. The decrease is mainly as a result of further branch closures, digitalization initiatives, lower promotion and advertising expenses and overall cost cutting efforts.

The available financial means of the Resolution Scheme ("RS") of HDIGF, as Resolution Fund for credit institutions, come from regular ex-ante contributions, extraordinary ex-post contributions and alternative financial means under Greek Law 4370/2016. Participating credit institutions when granting loans to the RS pay contributions, with which the RS repays its loan obligations for resolution purposes.

The total amount of contributions as at 31/12/2018 for both the Group and the Bank of € 59 million (2017: € 61 million and € 60 million respectively) concerns a) annual contribution to the RS amounting to € 33 million (2017: € 38 million), b) regular ex-ante contribution to European Resolution Mechanism for year 2018 of € 25 million (2017: € 22 million), c) participation fee to cover the operating and investment costs of € 0.8 million (2017: € 0.3 million) and d) an amount of € 0.2 million (2017: € 0.3 million) relating to the contributions of foreign subsidiary companies for the Group only. Under the provisions of Greek Law 4370/2016 on assets, which Hellenic Deposit & Investment Guarantee Fund (HDIGF) placed at the disposal of Deposit Guarantee Scheme, no annual fee was incurred in the year 2018.

15 Discontinued operations

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

Since Q2 2018, the Group's subsidiary Piraeus Bank Bulgaria A.D. ("PBB") is classified as "Discontinued Operations" or as "Held for Sale" for the Group and the Bank respectively. On 7/11/2018, the Bank announced that it has entered into an agreement with Eurobank Ergasias S.A. for the disposal of its shareholding stake (99.98%) in its banking subsidiary in Bulgaria, PBB, to Eurobank Bulgaria A.D. The transaction represents the final major milestone towards the implementation of Piraeus Bank's

Restructuring Plan commitments, as those were agreed with the Directorate General of Competition of the European Commission. The transaction is subject to customary conditions, including approvals of the National Bank of Bulgaria (granted on 28/3/2019) and the HFSF. The consideration amounts to € 75 million. The transaction is expected to be completed by Q2 2019. The fair value of the aforementioned discontinued operation has been determined based on the best estimate of the final agreement's consideration at the date of reclassification and therefore has been classified in fair value hierarchy Level 3.

Since Q2 2018, the Group's subsidiary in Albania, Tirana Bank I.B.C. S.A. is classified as discontinued operations or as "Held for Sale" for the Group and the Bank respectively. On 7/8/2018, the Bank announced that it has entered into an agreement with the Balfin Group and the Komercijalna Banka, for the disposal of its shares in Tirana Bank. The transaction is subject to customary conditions, including regulatory and other approvals by the respective authorities in the European Commission, Greece and Albania, as well as the HFSF. The total consideration amounts to € 57 million for the 98.83% stake the Bank holds in Tirana Bank I.B.C. S.A. The transaction was completed on 28/2/2019. The fair value of the aforementioned discontinued operation has been determined based on the best estimate of the final agreement's consideration at the date of reclassification and therefore has been classified in fair value hierarchy Level 3.

On 3/4/2018, the Bank concluded the sale of its total participation in its 99.54% subsidiary company, Sentinel Advisors S.A. (former ATE Insurance Romania S.A.). The consideration for the transaction amounted to € 3 million.

On 21/11/2017, the Bank announced that it has entered into an agreement with J.C. Flowers & Co for the disposal of its entire shareholding stake in its banking subsidiary in Romania, Piraeus Bank Romania S.A. ("PBR"). On 29/6/2018, the Bank concluded the sale of PBR to J.C. Flowers & Co, following the receipt of the necessary regulatory approvals by the National Bank of Romania and the Romania Competition Authority, as well as the HFSF. The consideration for the transaction amounted to € 44 million.

On 21/11/2017, the Bank made an announcement, regarding the disposal of its subsidiary Olympic Commercial and Tourism Enterprises (Olympic) - which held the Avis Rent a Car, Budget Rent a Car and Payless master franchises for Greece - that Avis Budget Group, through its subsidiary Zodiac Europe Limited, exercised its rights held under the terms of the franchise agreements for its brands. The consideration for the transaction amounted to € 81 million. The transaction was completed on 15/3/2018.

On 17/10/2017, the Bank announced that it has entered into an agreement to dispose of its Serbian banking and leasing operations to Direktna Banka A.D., a local Serbian banking group, for a total cash consideration of € 61 million, through a combination of direct sale and simultaneous reduction of capital in Piraeus Bank Beograd AD. On 23/4/2018, the sale of Piraeus Bank Beograd A.D. to Direktna Bank A.D. was completed, following the receipt of the necessary regulatory approvals by the National Bank of Serbia and the Serbian Competition Authority, as well as the HFSF.

Since Q1 2017, the Group's subsidiary IMITHEA S.A., owner and operator of the Henry Dunant Hospital Center, is classified as discontinued operations for the Group. In early August 2018, Piraeus Bank announced the completion of the first stage for the disposal of its 100% subsidiary IMITHEA S.A., following the receipt of non-binding offers by investors. The Bank assessed the non-binding offers received and proceeded to the next stage of the process. The Bank announced officially through a press release on 15/10/2018, that the second stage of the process (i.e. the submission of binding offers) was successfully completed. The Bank is currently in the assessment process, of the binding offers submitted.

Amounts in million euros (Unless otherwise stated)

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

	1/1 - 31/12/2018	1/1 - 31/12/2017
Interest and similar income	81	119
Interest expense and similar charges	(11)	(21)
NET INTEREST INCOME	**69**	**98**
Fee and commission income	29	37
Fee and commission expense	(5)	(8)
NET FEE AND COMMISSION INCOME	**24**	**29**
Dividend income	0	0
Net gain/ (losses) from financial instruments measured at FVTPL	(5)	(0)
Results from investment securities	-	2
Results from the disposal of participation of subsidiaries and associates	(156)	-
Net gain/ (losses) from financial instruments measured at FVTOCI	0	-
Other income/ (expenses)	39	74
TOTAL NET INCOME	**(29)**	**204**
Staff costs	(65)	(91)
Administrative expenses	(51)	(79)
Depreciation and amortisation	(12)	(17)
Net gain/ (losses) from sale of property and equipment and intangible assets	0	0
TOTAL OPERATING EXPENSES BEFORE PROVISIONS	**(128)**	**(187)**
PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX	**(157)**	**17**
Provisions and Impairment Losses	(192)	(200)
Share of profit/ (loss) of associates and joint ventures	-	-
PROFIT/ (LOSS) BEFORE INCOME TAX	**(349)**	**(183)**
Income tax benefit/ (expense)	5	(8)
PROFIT/ (LOSS) AFTER INCOME TAX FROM DISCONTINUED OPERATIONS	**(344)**	**(192)**

Profit/ (loss) after income tax from discontinued operations for the period 1/1 - 31/12/2018 includes the results of IMITHEA S.A., Tirana Bank I.B.C. S.A. and Piraeus Bank Bulgaria A.D. for the period 1/1 - 31/12/2018, Piraeus Bank Romania S.A. until the day of its disposal on 29/6/2018, Piraeus Bank Beograd A.D. until the day of its disposal on 23/4/2018, Piraeus Leasing Doo Beograd and Sentinel Advisors S.A. (former ATE Insurance Romania S.A.) for the Q1 2018 and Olympic Commercial & Tourist Enterprises S.A. until 28/2/2018. It is noted that it was impracticable to incorporate Olympic Commercial & Tourist Enterprises S.A. results for the period 1/1 - 15/3/2018 (until the day of its disposal on 15/3/2018), Piraeus Leasing Doo Beograd results for the period 1/1 - 23/4/2018 (until the day of its disposal on 23 April 2018) and Sentinel Advisors S.A. (former ATE Insurance Romania S.A.) results for the period 1/1 - 3/4/2018 (until the day of its disposal on 3 April 2018). However, this would have an immaterial effect on the Consolidated Income Statement, according to Management's estimates. Profit/ (loss) after income tax from discontinued operations for the period 1/1 - 31/12/2017 includes the results of IMITHEA S.A., Olympic Commercial & Tourist Enterprises S.A., Piraeus Bank Romania S.A., Tirana Bank I.B.C. S.A., Piraeus Bank Bulgaria A.D., Sentinel Advisors S.A. (former ATE Insurance Romania S.A.), Piraeus Bank Beograd A.D. and Piraeus Leasing Doo Beograd.

The line "Results from the disposal of participation of subsidiaries and associates" includes the transfer of foreign exchange loss of € 139 million from "Other reserves" (Note 45) to the Income Statement, as a result of the disposal of the subsidiary companies Piraeus Bank Romania S.A, Piraeus Bank Beograd A.D and Sentinel Advisors S.A (former ATE Insurance Romania S.A).

Amounts in million euros (Unless otherwise stated)

The loss arising from the measurement of the subsidiaries presented as Discontinued Operations to fair value less costs to sell based on the provisions of IFRS 5 amounted to € 181 million (2017: € 189 million). The said loss was recognised on the measurement to fair value less costs to sell and is included in the "Provisions and impairment losses" line in the above table.

B) Assets and liabilities

The following assets and liabilities as at 31/12/2018 relate to Tirana Bank I.B.C. S.A., Piraeus Bank Bulgaria A.D. and IMITHEA S.A. Respectively, the following assets and liabilities as at 31/12/2017 relate to the companies Sentinel Advisors S.A. (former ATE Insurance Romania S.A.), Olympic Commercial & Tourist Enterprises S.A., IMITHEA S.A., Piraeus Bank Romania S.A., Piraeus Bank Beograd A.D. and Piraeus Leasing Doo Beograd.

	31/12/2018	31/12/2017
ASSETS		
Cash and balances with Central Banks	278	284
Loans and advances to credit institutions	116	66
Financial instruments measured at FVTPL	-	77
Derivative financial instruments - assets	0	1
Reverse repos with customers	1	-
Loans and advances to customers at amortised cost	992	1,079
Financial assets measured at FVTOCI	230	-
Available for sale securities	-	253
Assets held for sale	-	2
Investment property	1	7
Property and equipment	84	391
Intangible assets	0	9
Current tax assets	-	3
Deferred tax assets	6	4
Other assets	15	108
Total Assets	**1,721**	**2,284**

	31/12/2018	31/12/2017
LIABILITIES		
Due to credit institutions	33	154
Due to customers	1,601	1,175
Derivative financial instruments - liabilities	0	0
Current income tax liabilities	-	2
Deferred tax liabilities	-	6
Retirement benefit obligations	6	6
Other provisions	142	214
Other liabilities	22	83
Total Liabilities	**1,804**	**1,641**

Amounts in million euros (Unless otherwise stated)

16 Income tax benefit

	Group		Bank	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Current tax expense	(10)	(14)	(4)	-
Deferred tax benefit (Note 41)	103	1,219	112	1,206
Provisions for tax differences	(0)	1	-	-
Total	**93**	**1,207**	**107**	**1,206**

The income tax on the Group and the Bank's profit/ (loss) before income tax, differs from the theoretical amount that would have arisen, using the nominal tax rates, as follows:

	Group		Bank	
	2018	2017	2018	2017
Profit / (loss) before income tax	80	(1,219)	(57)	(1,203)
Tax calculated based on current tax rate (29%)	(23)	354	16	349
Income not subject to taxation	36	71	17	91
Impact from tax base reassessment and other permanent differences on loans and advances to customers	148	814	148	814
Corresponding tax of impairment on investments from previous years and other deductable temporary differences, for which no deferred tax asset has been recognised	-	43	-	43
Non tax deductible expenses and other permanent differences	(77)	(63)	(75)	(91)
Effect of different tax rates applied abroad	5	1	-	-
Effect of results of investment in associates	4	(14)	-	-
Non tax deductible provisions	(0)	1	-	-
Income tax benefit	**93**	**1,207**	**107**	**1,206**
Effective tax rate for the year	**-116.7%**	**99.0%**	**189.4%**	**100.2%**

In accordance with the provisions of the enacted Greek Law 4172/2013, as amended by Greek Law 4579/2018 (Gazette A'201/3.12.2018) and being in effect today, the income tax rate for Greek legal entities is 29% for taxable income of the 2018 income tax year, which is gradually being reduced to a) 28% for the income tax year 2019, b) 27% for the income tax year 2020, c) 26% for the income tax year 2021 and d) 25% for the income tax year 2022 and onwards. Especially for credit institutions, the income tax rate remains 29%. The tax rate on dividend income, derived in tax years 2017 and 2018 is set to 15%, and from 1/1/2019 the rate is reduced to 10%, according to Law 4603/2019.

From 1/1/2017 onwards, in case of distribution or capitalisation of current year profits or distribution of profits of past fiscal years (reserves) for which no income tax has been paid to legal entities, the amount distributed or capitalised, is taxed separately (independently) subject to the provisions of paragraph 1 of article 47 of Law 4172/2013, as being applied after their amendment with paragraph 2 of article 99 of Greek Law 4446/2016, as a profit from a business activity, regardless of the existence of tax losses.

The Group and the Bank have recognised as at 31/12/2018 deferred tax assets amounting to € 6,647 million and € 6,600 million respectively (31/12/2017: € 6,543 million and € 6,484 million respectively). Please refer to Note 41.

For the subsidiaries operating abroad, the income tax has been calculated according to the respective nominal tax rates that were applicable for the years of 2018 and 2017 (Bulgaria: 10%, Romania: 16%, Egypt: 22.5%, Serbia: 15%, Ukraine: 18%, Cyprus: 12.5%, Albania: 15% and United Kingdom: 20% until 31/3/2017 and 19% from 1/4/2017 onwards).

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

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

The Extraordinary General Meeting of the Bank's Shareholders, on 19/12/2014, approved the Bank's opting into the special regime enacted by article 27A of the Greek Law 4172/2013, regarding the voluntary conversion of deferred tax assets arising from temporary tax differences into final and settled claims against the Greek State and authorised the Board of Directors of the Bank to proceed with all actions required for the implementation of the above mentioned provisions.

As at 31/12/2018, the deferred tax assets of the Group and the Bank that met the provisions of the above mentioned Law, amounted to € 3,938 million (31/12/2017: € 4,013 million), of which € 1,271 million (31/12/2017: € 1,326 million) relates to the remaining unamortised amount of debit difference from the participation on the PSI and € 2,668 million (31/12/2017: € 2,687 million) relates to the differences on IFRS loans and advances to customers, and the amount of tax base, respectively.

According to the article 82 of Greek Law 4472/2017 credit institutions and other legal entities that fall under the provisions of article 27A of Greek Law 4172/2013 are required to pay an annual commission of 1.5% on the excess amount guaranteed by the Greek State of deferred tax assets arising from the difference between the tax rate applicable under Greek Law 4334/2015 (Gazette A' 80/16/7/2015) retrospectively from 1/1/2015 (29%), and the tax rate applicable on 30/6/2015 (26%). For the year ended 2018, the total commission amounted to € 7 million (2017: € 14 million) for both the Group and the Bank and has been included in the Income Statement under the line "Net other income/ (expenses)".

Amounts in million euros (Unless otherwise stated)

17 Current tax assets

	Group		Bank	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
Current tax assets	275	272	270	270
Accumulated impairment of current tax assets	(54)	(53)	(52)	(53)
Net amount of current tax assets	221	219	218	217

Current income tax assets as at 31/12/2018 for the Group and the Bank amount to € 221 million and € 218 million respectively. This comprise mainly of:

1. Withholding taxes on bonds and treasury bills for the Bank of € 129 million relating to the financial years 2009, 2011, 2012 and 2013 (tax years 2008, 2010, 2011 and 2012), which the Bank claims from the Greek State. On 29/3/2019, an amendment to the Law was passed regarding Corporate Income Tax legislation, clarifying the status of these withholding tax receivables of the banks. Specifically,

    - withholding taxes of € 66 million, withheld in accordance with the provisions of para. 8 of article 12 of Greek Law 2238/1994, are offset as a priority when income tax is incurred and to the extent that such income tax is sufficient for the purposes of the above set-off,
    - withholding tax receivable of € 14 million para. 8 of article 12 of Greek Law 2238/1994, for the financial year 2010 (tax year 2009) is claimed from the Greek State and
    - withholding taxes of € 49 million, which are subject to the provisions of para. 6 of article 3 of Greek Law 4046/2012 and not offset within five years, are offset in 10 equal instalments over a 10 period with any tax liabilities of banks, starting from 1/1/2020.

2. Withholding tax receivables on interest income from treasury bills of € 59 million, which were withheld after 1/1/2013 (tax year 2013), but according to the para. 1 of article 9 of Greek Law 4110/2013 (which amended the article 99 of Greek Law 2238/1994), such interest income is taxed under the general corporate tax provisions. Therefore, the amounts withheld are offset against income tax available in the next five financial years from the financial year in which the income tax was withheld. After the end of the five-year period, any withholding tax not offset have to be repaid by the Greek State.

3. Withholding taxes on corporate bonds of € 17 million withheld in 2018, which are refundable by the Greek State.

4. Various other tax claims of for the Group and the Bank of € 16 million and € 13 million respectively.

18 Earnings/(losses) per share

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

On 2/12/2015, in the context of capital support provided in accordance with the provisions of Greek Law 3864/2010 and

Amounts in million euros (Unless otherwise stated)

Cabinet Act no 36/2015, the Board of Directors proceeded with the issue of a contingent convertible bond loan ("CoCo") amounting to € 2,040 million. This amount was exclusively covered by the HFSF with bonds issued by ESM.

The effect of CoCo's in the EPS calculation is dilutive and hence the weighted average number of ordinary shares outstanding for diluted EPS has been adjusted.

Basic earnings/ (losses) per share from continuing operations	1/1 - 31/12/2018	1/1 - 31/12/2017
Profit/ (loss) attributable to ordinary shareholders of the parent entity from continuing activities	185	(9)
Weighted average number of ordinary shares in issue	436,456,563	436,468,495
Basic earnings/ (losses) per share (in €) from continuing operations	0.4230	(0.0198)

Diluted earnings/ (losses) per share from continuing operations	1/1 - 31/12/2018	1/1 - 31/12/2017
Profit/ (loss) attributable to ordinary shareholders of the parent entity from continuing activities	185	(9)
Weighted average number of ordinary shares in issue	436,456,563	436,468,495
Potential dilutive ordinary shares from Contingent Convertible Bonds (CoCos)	394,400,000	394,400,000
Weighted average number of ordinary shares for diluted earnings/ (losses) per share	830,856,563	830,868,495
Diluted earnings/ (losses) per share (in €) from continuing operations	0.2222	(0.0104)

Basic earnings/ (losses) per share from discontinued operations	1/1 - 31/12/2018	1/1 - 31/12/2017
Profit/ (loss) attributable to ordinary shareholders of the parent entity from discontinued activities	(343)	(192)
Weighted average number of ordinary shares in issue	436,456,563	436,468,495
Basic earnings/ (losses) per share (in €) from discontinued operations	(0.7859)	(0.4393)

Diluted earnings/ (losses) per share from discontinued operations	1/1 - 31/12/2018	1/1 - 31/12/2017
Profit/ (loss) attributable to ordinary shareholders of the parent entity from discontinued activities	(343)	(192)
Weighted average number of ordinary shares in issue	436,456,563	436,468,495
Potential dilutive ordinary shares from Contingent Convertible Bonds (CoCos)	394,400,000	394,400,000
Weighted average number of ordinary shares for diluted earnings/ (losses) per share	830,856,563	830,868,495
Diluted earnings/ (losses) per share (in €) from discontinued operations	(0.4128)	(0.2308)

Earnings / (losses) per share for the comparative year have been restated. Relative reference is provided in Note 51.

19 Items that may be reclassified subsequently to profit or loss

Other comprehensive income, net of tax from continuing and discontinued operations for the year 2018 amounted to € 127 million (1/1 - 31/12/2017: € 81 million). The table below shows the analysis of these amounts:

Amounts in million euros (Unless otherwise stated)

A. Continuing operations – Group

1/1 - 31/12/2018	Before-Tax amount	Tax	Net-of-Tax amount
Items that may be reclassified subsequently to profit or loss			
Change in reserve from financial assets measured at FVTOCI	(49)	11	(39)
Change in currency translation reserve	2	-	2
Items that will not be reclassified subsequently to profit or loss			
Change in reserve from financial assets measured at FVTOCI	21	(5)	15
Change in reserve of defined benefit obligations	0	(0)	(0)
Other comprehensive income/ (expense) for the year from continuing operations	**(26)**	**5**	**(21)**

1/1 - 31/12/2017	Before-Tax amount	Tax	Net-of-Tax amount
Items that may be reclassified subsequently to profit or loss			
Change in available for sale reserve	122	(35)	87
Change in currency translation reserve	(6)	-	(6)
Items that will not be reclassified subsequently to profit or loss			
Change in reserve of defined benefit obligations	(3)	1	(2)
Other comprehensive income/ (expense) for the year from continuing operations	**113**	**(35)**	**79**

B. Discontinued operations - Group

1/1 - 31/12/2018	Before-Tax amount	Tax	Net-of-Tax amount
Items that may be reclassified subsequently to profit or loss			
Change in reserve from financial assets measured at FVTOCI	1	-	1
Change in currency translation reserve	147	-	147
Items that will not be reclassified subsequently to profit or loss			
Change in reserve from financial assets measured at FVTOCI	0	-	0
Change in reserve of defined benefit obligations	0	(0)	0
Other comprehensive income/ (expense) for the year from discontinued operations	**148**	**(0)**	**148**

1/1 - 31/12/2017	Before-Tax amount	Tax	Net-of-Tax amount
Items that may be reclassified subsequently to profit or loss			
Change in available for sale reserve	0	0	0
Change in currency translation reserve	2	-	2
Items that will not be reclassified subsequently to profit or loss			
Change in reserve of defined benefit obligations	(0)	0	(0)
Other comprehensive income/ (expense) for the year from discontinued operations	**2**	**0**	**2**

The line “Change in currency translation reserve” as at 31/12/2018 includes the transfer of loss of € 139 million to the

Amounts in million euros (Unless otherwise stated)

Consolidated Income Statement. Relevant information is provided in Note 15.

C. Bank

Other comprehensive income, net of tax for the year 2018 amounted to a loss of € 23 million (2017: gain € 85 million). The table below shows the analysis of these amounts:

1/1 - 31/12/2018	Before-Tax amount	Tax	Net-of-Tax amount
Items that may be reclassified subsequently to profit or loss			
Change in reserve from financial assets measured at FVTOCI	(49)	11	(39)
Items that will not be reclassified subsequently to profit or loss			
Change in reserve from financial assets measured at FVTOCI	22	(6)	15
Change in reserve of defined benefit obligations	0	(0)	0
Other comprehensive income/ (expense) for the year	**(27)**	**4**	**(23)**

1/1 - 31/12/2017	Before-Tax amount	Tax	Net-of-Tax amount
Items that may be reclassified subsequently to profit or loss			
Change in available for sale reserve	122	(35)	86
Items that will not be reclassified subsequently to profit or loss			
Change in reserve of defined benefit obligations	(3)	1	(2)
Other comprehensive income/ (expense) for the year	**119**	**(35)**	**85**

20 Cash and balances with Central Banks

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Cash in hand	629	719	626	672
Balances with Central Banks	1,850	186	1,831	79
Cheques clearing system - Central Banks	91	47	91	47
Included in cash and cash equivalents less than 90 days (Note 47)	**2,570**	**952**	**2,548**	**798**
Mandatory reserves with Central Banks	3	497	-	357
Total Cash and balances with Central Banks	**2,572**	**1,449**	**2,548**	**1,154**

"Mandatory reserves with Central Banks" mainly relates to the requirement of the Bank to maintain a current account with the BoG to facilitate interbank transactions with the Central Bank, its member banks, and other financial institutions through the Trans-European Automated Real-Time Gross Settlement Express Transfer system (TARGET).

BoG requires all banks established in Greece to maintain deposits with the Central Bank with an average balance equal to 1.0% of total customer deposits as these are defined by the ECB. Similar requirements apply to other banking subsidiaries of the Group. The Bank's deposits at BoG bear interest at the refinancing rate as set by the ECB of 0.0% as at 31/12/2018, while the corresponding deposits of certain subsidiaries are non-interest bearing.

Amounts in million euros (Unless otherwise stated)

At the reporting date, Bank maintained zero balance of mandatory reserves with Central Bank as the average balance over the required period was in excess of a minimum requirement.

21 Loans and advances to credit institutions

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Placements with banks	12	89	0	85
Nostros and sight accounts with other banks	362	473	247	156
Reverse repos with customers	25	817	25	817
Included in cash and cash equivalents less than 90 days (Note 47)	**399**	**1,378**	**273**	**1,057**
Placements with banks	75	35	212	303
Blocked deposits	646	735	646	731
Loans and advances to credit institutions over 90 days	**721**	**769**	**858**	**1,034**
Less: ECL Allowance	**(0)**	**0**	**(0)**	**0**
Total loans and advances to credit institutions	**1,120**	**2,148**	**1,130**	**2,092**

All loans and advances to credit institutions have been classified as Stage 1. The 12 months ECL allowance is less than € 1 million for both the Group and the Bank.

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Current loans and advances to credit institutions (up to 1 year)	1,069	1,697	965	1,449
Non current loans and advances to credit institutions (more than 1 year)	51	450	166	642
	1,120	**2,148**	**1,130**	**2,092**

The tables below present an analysis of “Loans and advances to credit institutions” rating, based on Standard and Poor’s ratings:

Amounts in million euros (Unless otherwise stated)

	Group	Bank
31/12/2018	**Stage 1**	**Stage 1**
AAA	4	-
AA- to AA+	85	85
A- to A+	820	790
BBB- to BBB+	93	15
BB- to BB+	0	0
Lower than BB-	34	32
Unrated	84	207
Total Gross Balance	**1,120**	**1,130**
AAA	-	-
AA- to AA+	0	0
A- to A+	0	0
BBB- to BBB+	0	0
BB- to BB+	0	0
Lower than BB-	0	0
Unrated	0	0
Total Allowance	**0**	**0**
Balances net of provisions	**1,120**	**1,130**
Collateral held	0	0

The interest rates for "Loans and advances to credit institutions" amounts, including nostros and sight accounts for the Group and the Bank are floating. The amount of blocked deposits mainly contains guarantees granted and margin accounts to credit institutions and hence there are restrictions on their use by the Group and the Bank.

22 Derivative financial instruments

Derivative financial instruments held by the Group and the Bank include currency forwards, interest rate futures, interest rate or/and currency swaps, call /put options on interest or/and currency or/and shares.

Amounts in million euros (Unless otherwise stated)

The notional amounts and fair values of derivative instruments held as at 31/12/2018 and 31/12/2017 are presented below:

31/12/2018	Group			Bank		
	Notional amount	Fair values		Notional amount	Fair values	
Derivatives held for trading		Assets	Liabilities		Assets	Liabilities
Interest rate swaps	7,141	353	333	7,142	353	333
Currency swaps	1,663	3	13	1,670	3	13
FX forwards	257	2	5	257	2	5
Options and other derivative instruments	4,554	13	0	4,554	13	0
Cross Currency Interest Rate Swaps	1,513	0	61	1,513	0	61
		372	**413**		**372**	**413**
Embedded equity derivatives						
Customer deposits/ loans linked to options	1	-	0	1	-	0
Other embedded equity derivatives	472	6	-	474	8	-
Total recognised derivative assets/ liabilities		**378**	**413**		**380**	**413**

31/12/2018	Group		Bank	
	Fair values		Fair values	
	Assets	Liabilities	Assets	Liabilities
Derivative financial instruments-Current	2	45	2	45
Derivative financial instruments-Non-current	376	368	378	368
	378	**413**	**380**	**413**

Amounts in million euros (Unless otherwise stated)

31/12/2017	Group			Bank		
	Notional amount	Fair values		Notional amount	Fair values	
Derivatives held for trading		Assets	Liabilities		Assets	Liabilities
Interest rate swaps	3,080	349	343	3,080	349	343
Currency swaps	1,876	13	2	2,234	14	3
FX forwards	98	2	1	90	2	1
Options and other derivative instruments	1,610	24	1	1,610	24	1
Cross Currency Interest Rate Swaps	1,698	57	31	1,698	57	31
		446	**377**		**447**	**379**
Embedded equity derivatives						
Customer deposits/ loans linked to options	12	-	0	12	-	0
Other embedded equity derivatives	505	14	25	505	14	25
Total recognised derivative assets/ liabilities		**460**	**402**		**461**	**404**

31/12/2017	Group		Bank	
	Fair values		Fair values	
	Assets	Liabilities	Assets	Liabilities
Derivative financial instruments-Current	72	5	73	7
Derivative financial instruments-Non-current	388	397	388	397
	460	**402**	**461**	**404**

Interest rate swaps held for trading purposes mainly include interest rate swaps with customers and their opposite contracts with other banks in order to reduce the Group and the Bank's exposure (back to back contracts).

The Group and the Bank undertake most of their transactions in foreign exchange and interest rate contracts with other financial institutions. Especially for the interest rate swaps, out of the total outstanding notional amount, 59.8% of the transactions are conducted with other financial institutions, 37.7% of the transactions are conducted with the Greek public sector and the remaining 2.5% is executed through a number of other counterparties.

Management calculates credit valuation adjustment ("CVA") with respect to counterparty credit risk and debit valuation adjustment ("DVA") with respect to own credit risk, which are incorporated in the derivatives valuation. The CVA and DVA are based on estimations of exposure at default, probability of default ("PDs") and recovery rates and are calculated using simulation techniques (Monte Carlo Simulation). Management takes into account in the calculation whether collaterals between counterparties (CSA agreement) exist. The PDs in most of the cases are derived from market observable credit default swaps ("CDSs") spreads, whereas for counterparties with illiquid CDS spreads the PDs are derived from appropriate proxies. The net adjustment for both the Group and the Bank as at 31/12/2018 and 31/12/2017 amounted to € 7 million and € 6 million respectively.

Amounts in million euros (Unless otherwise stated)

23 Financial assets at fair value through profit or loss

a) Financial assets at FVTPL

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Greek government bonds	1	-	1	-
Other financial assets at FVTPL	-	1,465	-	1,465
Included in cash and cash equivalents less than 90 days (Note 47)	**1**	**1,465**	**1**	**1,465**
Greek government bonds	241	8	241	8
Foreign government bonds	126	-	126	-
Corporate bonds	4	3	4	3
Total over 90 days	**371**	**11**	**371**	**11**
Athens stock exchange listed shares	10	24	-	-
Total	**10**	**24**	**0**	**0**
Total financial assets at FVTPL	**382**	**1,500**	**372**	**1,476**

The Group and the Bank's financial assets at FVTPL as at 31/12/2018 include fixed income securities amounting to € 190 million (31/12/2017: € 1,476 million), and zero - coupon bonds amounting to € 182 million (31/12/2017: NIL). The Group and the Bank do not possess floating rate securities.

For securities pledged please refer to Note 43.

b) Financial assets mandatorily at FVTPL

	Group	Bank
	31/12/2018	31/12/2018
Corporate bonds	16	16
Bank bonds	1	1
Total over 90 days	**16**	**16**
Athens stock exchange listed shares	6	6
Foreign stock exchanges listed shares	0	0
Unlisted shares	19	19
Other variable Income securities	69	69
Total	**94**	**94**
Total financial assets mandatorily at FVTPL	**110**	**110**

Financial assets mandatorily at FVTPL for both the Group and the Bank as at 31/12/2018 include an amount of € 16 million relating to fixed income securities, while there are no floating rate securities nor any zero - coupon bonds.

Amounts in million euros (Unless otherwise stated)

24 Reverse repos with customers

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Reverse repos with customers - individuals	103	84	103	83
Reverse repos with customers - corporate entities	0	6	0	6
Total reverse repos with customers	**103**	**90**	**103**	**89**

Group	Internal rating grade				
31/12/2018	Stage 1	Stage 2	Stage 3	POCI	Total
Strong	103	-	-	-	103
Total Gross Balances	**103**	**0**	**0**	**0**	**103**
Total ECL Allowance	**0**	**0**	**0**	**0**	**0**
Balances	**103**	**0**	**0**	**0**	**103**
Collateral held	**85**	**-**	**-**	**-**	**85**

Bank	Internal rating grade				
31/12/2018	Stage 1	Stage 2	Stage 3	POCI	Total
Strong	103	-	-	-	103
Total Gross Balances	**103**	**0**	**0**	**0**	**103**
Default	**-**	**-**	**-**	**-**	**0**
Total ECL Allowance	**0**	**0**	**0**	**0**	**0**
Balances	**103**	**0**	**0**	**0**	**103**
Collateral held	**85**	**-**	**-**	**-**	**85**

All reverse repos with customers have been classified as Stage 1. The 12 months ECL allowance is less than € 1 million for both the Group and the Bank.

25 Loans and advances to customers at amortised cost

The amounts of loans and advances to customers at amortised cost before ECL allowances for impairment on loans and advances to customers at amortised cost have been reduced by the fair value adjustment, in the context of the purchase price allocation exercise of the operations acquired in the period 2012 to 2015. Specifically, the remaining ECL allowance for impairment on loans and advances to customers at amortised cost of the Group and the Bank amounting to € 3.5 billion and € 3.4 billion respectively as at 31/12/2018 relating to former ATEbank, the Greek banking operations of Cypriot Banks in Greece (Bank of Cyprus, Cyprus Popular Bank, Hellenic Bank), Millennium Bank S.A., Geniki Bank S.A. and Panellinia Bank S.A., which at their acquisition date by Piraeus Bank amounted to € 8.1 billion and € 7.9 billion for the Group and the Bank respectively, has decreased the gross balance of loans and advances to customers at amortised cost and the ECL allowance for impairment on loans and advances to customers respectively in the tables above, as under IFRS 3 it has been included in the adjustment of loans and advances to customers at amortised cost to their fair value during the cost allocation process. However, for purposes of credit risk monitoring in accordance with IFRS 7 in Note 4.3.1, the aforementioned adjustment is part of the ECL allowance for impairment on loans and advances to customers at amortised cost and hence both the gross exposures and the ECL allowance have been increased by this amount.

Amounts in million euros (Unless otherwise stated)

Group	Loans and advances to customers - Gross	ECL Allowance for impairment on loans and advances to customers	Loans and advances to customers
Closing balance as at 31/12/2017 with IAS 39 (Note 54)	54,439	(9,719)	44,720
Transfer to Loans and advances to customers mandatorily at FVTPL (Note 54, 26)	(280)	162	(118)
IFRS 9 FTA impact (Note 54)	-	(1,724)	(1,724)
Opening balance as at 1/1/2018 with IFRS 9	**54,158**	**(11,281)**	**42,878**

Bank	Loans and advances to customers - Gross	ECL Allowance for impairment on loans and advances to customers	Loans and advances to customers
Closing balance as at 31/12/2017 with IAS 39 (Note 54)	54,031	(9,146)	44,885
Transfer to Loans and advances to customers mandatorily at FVTPL (Note 54, 26)	(280)	162	(118)
IFRS 9 FTA impact (Note 54)	-	(1,656)	(1,656)
Opening balance as at 1/1/2018 with IFRS 9	**53,751**	**(10,640)**	**43,111**

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Mortgages	14,128	14,769	14,148	14,737
Consumer/ personal and other loans	3,134	3,563	3,151	3,443
Credit cards	825	830	830	798
Retail Lending	**18,087**	**19,162**	**18,129**	**18,978**
Corporate and Public Sector Lending	**31,510**	**35,277**	**31,850**	**35,053**
Total gross loans and advances to customers at amortised cost	**49,597**	**54,439**	**49,979**	**54,031**
Less: ECL allowance	(9,840)	(9,719)	(9,422)	(9,146)
Total loans and advances to customers at amortised cost	**39,757**	**44,720**	**40,557**	**44,885**

	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Current (up to 1 year)	7,347	7,634	8,499	8,507
Non current (more than 1 year)	32,410	37,085	32,058	36,377
	39,757	**44,720**	**40,557**	**44,885**

Amounts in million euros (Unless otherwise stated)

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

Group 1/1/2018	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit impaired Lifetime ECL	POCI Credit impaired Lifetime ECL	Total
Mortgages	6,458	2,620	2,922	2,268	14,269
Consumer, personal and other loans	930	734	1,010	675	3,349
Credit cards	474	98	241	50	863
Total Retail Lending	**7,863**	**3,452**	**4,172**	**2,994**	**18,481**
Large Corporate	6,512	1,362	5,624	756	**14,253**
SMEs	4,648	2,035	10,263	2,717	**19,663**
Public Sector	1,690	2	35	36	**1,762**
Corporate and Public Sector Lending	**12,849**	**3,398**	**15,921**	**3,509**	**35,678**
Total gross loans and advances to customers	**20,712**	**6,850**	**20,094**	**6,503**	**54,159**
Less: ECL Allowance	(123)	(719)	(9,349)	(1,090)	(11,281)
Loans and advances to customers at amortised cost	**20,589**	**6,131**	**10,744**	**5,414**	**42,878**

Amounts in million euros (Unless otherwise stated)

Group	Internal rating grade						
31/12/2018	Stage 1	Stage 2	Stage 3	POCI	Gross Balance	ECL Allowance	Balance
Strong	13,935	-	-	-	13,935	0	13,935
Recommended	5,162	-	-	-	5,162	(31)	5,132
Substandard	-	5,785	143	522	6,450	(263)	6,187
Default	-	-	18,533	5,517	24,050	(9,547)	14,503
Total	**19,097**	**5,785**	**18,676**	**6,039**	**49,597**	**(9,840)**	**39,757**
Collateral held	11,877	4,183	9,544	4,291	**29,894**		

Group	Movement in gross carrying amounts				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount as at 31/12/2017	20,719	6,850	20,307	6,562	54,438
Reclassification for IFRS 9 FTA impact	(7)	0	(214)	(59)	(279)
Gross carrying amounts as at 1/1/2018	**20,712**	**6,850**	**20,094**	**6,503**	**54,159**
Transfer to Discontinued Operations	(507)	(177)	(290)	-	(973)
Transfer to Held for Sale	-	(44)	(551)	(23)	(618)
New assets originated or purchased	4,849	236	63	(2)	5,146
Other Debits to the Gross Balance/ Repayments	(5,574)	(491)	(223)	(476)	(6,764)
Assets sold	-	-	(1,029)	(184)	(1,214)
Assets derecognised (excluding write offs)	(85)	(15)	(22)	(6)	(128)
Transferred from Stage 1 to Stage 2	(1,674)	1,674	-	-	0
Transferred from Stage 1 to Stage 3	(348)	-	348	-	0
Transferred from Stage 2 to Stage 1	1,635	(1,635)	-	-	0
Transferred from Stage 2 to Stage 3	-	(1,663)	1,663	-	0
Transferred from Stage 3 to Stage 1	23	-	(23)	-	0
Transferred from Stage 3 to Stage 2	-	1,003	(1,003)	-	0
Debt for equity exchange	-	-	(20)	(9)	(30)
Interest due to ITG Approach A	9	35	812	481	1,337
Write-offs	(0)	(1)	(614)	(4)	(619)
Write-off of interest due to ITG Approach A	(0)	(9)	(647)	(273)	(929)
Foreign exchange adjustments	59	22	118	31	230
At 31/12/2018	**19,098**	**5,785**	**18,675**	**6,039**	**49,597**

Amounts in million euros (Unless otherwise stated)

Group	Movement in ECL allowance				
	Stage 1	Stage 2	Stage 3	POCI	Total
Accumulated allowance for impairment at 31/12/2017	174	294	8,711	540	**9,719**
Reclassification for IFRS 9 FTA impact	(0)	-	(121)	(41)	**(162)**
Re-measurement for IFRS 9 FTA impact	(51)	425	759	591	**1,724**
ECL allowance as at 1/1/2018	**123**	**719**	**9,349**	**1,090**	**11,281**
Transfer to Discontinued Operations	(2)	(3)	(79)	-	**(84)**
Transfer to Held for Sale	-	(9)	(313)	-	**(322)**
Transferred from Stage 1 to Stage 2	(47)	47			**0**
Transferred from Stage 1 to Stage 3	(49)		49		**0**
Transferred from Stage 2 to Stage 1	27	(27)			**0**
Transferred from Stage 2 to Stage 3		(388)	388		**0**
Transferred from Stage 3 to Stage 1	2		(2)		**0**
Transferred from Stage 3 to Stage 2		104	(104)		**0**
ECL Impairment charge for the period (P&L)	61	(169)	875	(267)	**500**
ECL impairment charge for new financial assets originated or purchased (P&L)	27	14	1	0	**42**
Recoveries of amounts previously written-off (P&L)	-	-	(10)	-	**(10)**
Interest due to ITG Approach A	0	5	478	238	**721**
Write-off ECL allowance on loans and advances	(0)	(1)	(614)	(4)	**(619)**
Write-off of interest due to ITG Approach A	(0)	(9)	(647)	(273)	**(929)**
Debt for equity exchange	-	-	(13)	(8)	**(21)**
FX differences	1	2	53	4	**60**
Other movements	(111)	(27)	(1,442)	801	**(778)**
At 31/12/2018	**31**	**258**	**7,971**	**1,580**	**9,840**

Group	Movement in allowance for impairment loans					
	Mortgages	Consumer/ personal and other loans	Credit cards	Total loans to individuals	Loans to corporate entities and Public sector	Total
Opening balance at 1/1/2017	**1,392**	**904**	**239**	**2,534**	**7,342**	**9,877**
Opening balance from discontinued operations	(10)	(32)	(1)	**(43)**	(93)	**(136)**
Charge for the year	93	243	(2)	**334**	1,679	**2,013**
Loans written-off	(52)	(113)	(89)	**(254)**	(1,040)	**(1,294)**
Provision of derecognised loans	-	(0)	-	**(0)**	(185)	**(185)**
Unwinding	(72)	(59)	(6)	**(136)**	(247)	**(383)**
Foreign exchange differences and other movements	(14)	4	0	**(10)**	(162)	**(172)**
Balance at 31/12/2017	**1,337**	**946**	**141**	**2,424**	**7,295**	**9,719**

Amounts in million euros (Unless otherwise stated)

Bank 31/12/2018	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit impaired Lifetime ECL	POCI Credit impaired Lifetime ECL	Total
Mortgages	5,797	2,133	3,688	2,529	14,148
Consumer, personal and other loans	794	475	1,229	653	3,151
Credit cards	398	145	253	34	830
Total Retail Lending	**6,989**	**2,753**	**5,171**	**3,216**	**18,129**
Large Corporate	8,003	1,735	3,820	507	14,066
SMEs	3,610	1,467	8,724	2,248	16,049
Public Sector	1,722	0.96	8	3	1,735
Corporate and Public Sector Lending	**13,336**	**3,203**	**12,553**	**2,758**	**31,850**
Total gross loans and advances to customers	**20,325**	**5,956**	**17,724**	**5,974**	**49,979**
Less: ECL Allowance	(92)	(233)	(7,511)	(1,586)	(9,422)
Loans and advances to customers at amortised cost	**20,233**	**5,723**	**10,213**	**4,389**	**40,557**

Bank 1/1/2018	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit impaired Lifetime ECL	POCI Credit impaired Lifetime ECL	Total
Mortgages	6,346	2,598	2,899	2,292	14,135
Consumer, personal and other loans	867	729	1,002	706	3,305
Credit cards	466	98	240	56	860
Total Retail Lending	**7,679**	**3,426**	**4,141**	**3,054**	**18,300**
Large Corporate	7,762	1,960	5,434	763	15,919
SMEs	4,164	1,657	9,392	2,561	17,773
Public Sector	1,688	2	34	36	1,759
Corporate and Public Sector Lending	**13,613**	**3,619**	**14,860**	**3,359**	**35,452**
Total gross loans and advances to customers	**21,293**	**7,045**	**19,001**	**6,413**	**53,752**
Less: ECL Allowance	(114)	(689)	(8,761)	(1,077)	(10,640)
Loans and advances to customers at amortised cost	**21,179**	**6,356**	**10,240**	**5,337**	**43,111**

Amounts in million euros (Unless otherwise stated)

Bank	Internal rating grade						
31/12/2018	Stage 1	Stage 2	Stage 3	POCI	Gross Balance	ECL Allowance	Balance
Strong	13,674	-	-	-	13,674	(59)	13,615
Recommended	6,651	-	-	-	6,651	(33)	6,616
Substandard	-	5,956	-	520	6,476	(180)	6,298
Default	-	-	17,724	5,454	23,177	(9,150)	14,028
Total	**20,325**	**5,956**	**17,724**	**5,974**	**49,979**	**(9,422)**	**40,557**
Collateral held	11,379	3,840	8,937	4,218	28,374		

Bank	Movement in gross carrying amounts				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount as at 31/12/2017	21,300	7,045	19,215	6,472	54,031
Reclassification for IFRS 9 FTA impact	(7)	0	(214)	(59)	(279)
Gross carrying amounts as at 1/1/2018	**21,293**	**7,045**	**19,001**	**6,413**	**53,752**
Transfer to Held for Sale	-	(44)	(551)	(23)	(618)
New assets originated or purchased	4,704	282	16	0	5,002
Other Debits to the Gross Balance/ Repayments	(5,693)	(561)	(259)	(460)	(6,973)
Assets sold	-	-	(1,028)	(184)	(1,212)
Assets derecognised (excluding write offs)	(0)	(0)	(3)	(4)	(7)
Transferred from Stage 1 to Stage 2	(1,950)	1,950	-	-	0
Transferred from Stage 1 to Stage 3	(334)	-	334	-	0
Transferred from Stage 2 to Stage 1	2,162	(2,162)	-	-	0
Transferred from Stage 2 to Stage 3	-	(1,565)	1,565	-	0
Transferred from Stage 3 to Stage 1	80	-	(80)	-	0
Transferred from Stage 3 to Stage 2	-	972	(972)	-	0
Debt for equity exchange	-	-	(20)	(9)	(30)
Interest due to ITG Approach A	9	35	812	481	1,336
Write-offs	(0)	(1)	(562)	0	(563)
Write-off of interest due to ITG Approach A	(0)	(9)	(633)	(271)	(913)
Foreign exchange adjustments	56	15	102	31	205
At 31/12/2018	**20,326**	**5,956**	**17,723**	**5,974**	**49,979**

Amounts in million euros (Unless otherwise stated)

Bank	Movement in ECL allowance				
	Stage 1	Stage 2	Stage 3	POCI	Total
Accumulated allowance as at 31/12/2017	161	284	8,166	535	**9,146**
Reclassification for IFRS 9 FTA impact	-	-	(121)	(41)	**(162)**
Re-measurement for IFRS 9 FTA impact	(48)	405	716	583	**1,656**
ECL allowance as at 1/1/2018	**114**	**689**	**8,761**	**1,077**	**10,640**
Transfer to Held for Sale	-	(9)	(313)	-	**(322)**
Transferred from Stage 1 to Stage 2	(46)	46			**0**
Transferred from Stage 1 to Stage 3	(41)		41		**0**
Transferred from Stage 2 to Stage 1	21	(21)			**0**
Transferred from Stage 2 to Stage 3		(377)	377		**0**
Transferred from Stage 3 to Stage 1	1		(1)		**0**
Transferred from Stage 3 to Stage 2		77	(77)		**0**
ECL Impairment charge for the period (P&L)	66	(143)	872	(255)	**541**
ECL impairment charge for new financial assets originated or purchased (P&L)	27	14	1	0	**42**
Recoveries of amounts previously written-off (P&L)	-	-	(10)	-	**(10)**
Interest due to ITG Approach A	0	5	471	238	**714**
Write-off ECL allowance on loans and advances	(0)	(1)	(562)	0	**(563)**
Write-off of interest due to ITG Approach A	(0)	(9)	(633)	(271)	**(913)**
Debt for equity exchange	-	-	(13)	(8)	**(21)**
FX differences	1	2	53	4	**60**
Other movements	(51)	(39)	(1,457)	801	**(745)**
At 31/12/2018	**92**	**233**	**7,511**	**1,586**	**9,422**

Bank	Movement in allowance for impairment losses					
	Mortgages	Consumer/ personal and other loans	Credit cards	Total loans to individuals	Loans to corporate entities and Public sector	Total
Opening balance at 1/1/2017	**1,494**	**823**	**213**	**2,530**	**6,494**	**9,024**
Charge for the year	92	242	(2)	**332**	1,647	**1,979**
Loans written-off	(46)	(111)	(88)	**(245)**	(761)	**(1,006)**
Provision of derecognised loans	-	-	-	**0**	(309)	**(309)**
Unwinding	(72)	(59)	(6)	**(136)**	(241)	**(378)**
Foreign exchange differences and other movements	(15)	1	-	**(14)**	(151)	**(166)**
Balance at 31/12/2017	**1,453**	**896**	**117**	**2,467**	**6,679**	**9,146**

Amounts in million euros (Unless otherwise stated)

Loans and advances to customers include finance lease receivables:

Gross investments in finance leases	31/12/2018	31/12/2017
Up to 1 year	650	336
From 1 to 5 years	289	264
More than 5 years	942	1,428
	1,881	**2,027**
Unearned future finance income	(217)	(242)
Net investments in finance leases	**1,664**	**1,785**

ECL allowances for impairment on finance lease receivables for the Group amounts to € 527 million (2017: € 541 million). The bank does not have significant finance leases.

Net investments in finance leases are analysed as follows:

Net investments in finance leases	31/12/2018	31/12/2017
Up to 1 year	632	315
From 1 to 5 years	237	210
More than 5 years	796	1,260
	1,664	**1,785**

Loans and advances to customers held for sale

During Q2 2018, the Bank entered into an agreement in relation to the sale of non-performing and denounced corporate credit exposures, secured with real estate collateral, equivalent to approximately € 1,952 million total legal claims. The transaction was completed and the loan portfolio was transferred to the Buyer in the end of October 2018. The operating segment in which the relevant portfolio was presented was mainly PLU.

Additionally, the Bank entered into an agreement for the sale and transfer of non-performing, denounced unsecured retail consumer and credit cards exposures equivalent to approximately € 2,218 million total legal claims. The transaction was completed and the loan portfolio was transferred to the Buyer in the end of October 2018. The operating segment in which the relevant portfolio was presented was mainly PLU.

Furthermore, during Q3 2018, the Bank entered into an agreement in relation to the sale of non-performing and denounced corporate credit exposures, secured with real estate collateral, equivalent to € 101 million total legal claims. The operating segment in which the relevant portfolio is presented is PLU, as at 31/12/2018. The Bank, as at 30/9/2018, has transferred this loan perimeter to the Held for sale ("HFS") portfolio given that all necessary conditions are met. The net book value of the loans transferred at the HFS portfolio as at 31/12/2018 that are measured at amortised cost, is € 39 million.

Furthermore, during H2 2018, the Bank entered into an agreement in relation to the sale of non-performing and denounced corporate and shipping credit exposures, secured with vessels and real estate collaterals, equivalent to € 562 million total legal claims. The operating segment in which the relevant portfolio is presented is PLU and Corporate & Investment Banking, as at 31/12/2018. The Bank, as at 31/12/2018, has transferred this loan perimeter to the HFS portfolio given that all necessary conditions are met. The net book value of the loans transferred at the HFS portfolio as at 31/12/2018 that are measured at amortised cost, is € 232 million. The transaction is subject to approvals by the Hellenic Financial Stability Fund (HFSF).

Amounts in million euros (Unless otherwise stated)

Furthermore, during Q4 2018, the Bank entered into an agreement in relation to the sale of non-performing and denounced credit exposures, secured with Non listed Corporate Stakes and real estate collaterals, equivalent to € 58 million total legal claims. The operating segment in which the relevant portfolio is presented is PLU, as at 31/12/2018. The Bank, as at 31/12/2018, has transferred this loan perimeter to the HFS portfolio given that all necessary conditions are met. The net book value of the loans transferred to the HFS portfolio as at 31/12/2018, that are measured at amortised cost, is € 12 million.

26 Loans and advances to customers mandatorily at FVTPL

The line "Loans and advances to customers mandatorily at FVTPL" amounted to € 84 million as at 31/12/2018 for both the Group and the Bank and includes loans and advances to customers that do not meet the criteria for classification either at amortised cost or FVTOCI. The respective amount as at the transition to the IFRS 9 as of 1/1/2018 was € 107 million for both the Group and the Bank (Note 54).

	Group		Bank	
	31/12/2018	1/1/2018	31/12/2018	1/1/2018
Loans to corporate entities and Public sector	84	107	84	107
Loans and advances to customers mandatorily at FVTPL	**84**	**107**	**84**	**107**

27 Investment securities

27.1 Financial Assets at FVTOCI

	Group	Bank
	31/12/2018	31/12/2018
Foreign Government Bonds	4	-
Greek Government Bonds	527	527
Corporate Entities Bonds	29	29
Bank Bonds	62	62
Greek Government treasury bills	1,475	1,475
Debt instruments measured at FVTOCI	**2,097**	**2,093**
Equity instruments measured at FVTOCI	**172**	**170**
Financial assets at FVTOCI	**2,270**	**2,262**

From the above mentioned bonds and treasury bills of the debt instruments measured at FVTOCI portfolio as at 31/12/2018, an amount of € 132 million for both the Group and the Bank is included in cash and cash equivalents less than 90 days (Note 47).

In accordance with the provisions of IFRS 9 and the Classification & Measurement Policy for Financial Instruments of the Group and the Bank, the Group and the Bank have irrevocably elected to designate some investments in equity instruments as FVTOCI.

These equity investments designated at FVTOCI are non-trading investments that the Group and the Bank plans to hold in the long term for strategic reasons, as well as investments acquired through repossessions, for which the Group and the Bank does not exercise active management.

Amounts in million euros (Unless otherwise stated)

Equity instruments measured at FVTOCI are analyzed as follows:

Bank	**31/12/2018**
	Fair Value
VIVARTIA HOLDING S.A.	32
ATTICA HOLDINGS S.A.	31
VISA INC (SERIES C CONVERTIBLE PARTICIPATING PREFERRED STOCK)	28
MASTERCARD INCORPORATED	26
VISA INC. (CLASS C SERIES I)	25
FOURLIS HOLDINGS S.A.	6
INTERBANKING SYSTEMS "DIAS" S.A.	5
VARNIKOS S.A.	5
ATHENS HEALTH PARK S.A.	4
PENTELI ANONIMI OIKODOMIKI TEKNIKI KTIMATIKI ETAIRIA	4
DANAOS CORPORATION	3
OTHER	1
Total	**170**

During the year ended 31/12/2018, the Group and the Bank disposed of the investments in Attiki Odos S.A. and Attika Diodia S.A. that were designated at FVTOCI for the aforementioned reason. The dividend income received from these investments amounted to € 6 million for the Group and the Bank. The fair value of the investment at the date of derecognition of Attiki Odos S.A. and Attika Diodia S.A. (29/11/2018) amounted to € 56 million and € 1 million respectively for the Group and the Bank. The cumulative loss on disposal of Attiki Odos S.A. and Attika Diodia S.A. amounted to € 29 million and € 3 million respectively for the Group and the Bank, which was transferred on disposal from the line "Reserve from financial assets measured at FVTOCI" to the "Retained Earnings". These investments were disposed of in accordance with the commitments undertaken by the Bank under its Restructuring Plan.

The dividend received from the equity investments designated at FVTOCI held as at 31/12/2018 amounted to € 1 million.

Group	**Movement in gross carrying amounts of debt instruments**				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31/12/2017	-	-	-	-	0
Reclassification for IFRS9 FTA impact	1,902	-	-	-	1,902
Opening balance at 1/1/2018	**1,902**	**-**	**-**	**-**	**1,902**
Transfer to Discontinued Operations	(170)	-	-	-	(170)
Additions	2,189	2	-	-	2,192
Coupon receipts	(7)	(0)	-	-	(7)
Disposals/ maturities	(1,840)	(1)	-	-	(1,841)
Interest Income	46	0	-	-	47
Foreign exchange adjustments	1	-	-	-	1
Changes in Fair Value	(26)	(0)	-	-	(26)
Closing balance 31/12/2018	**2,095**	**2**	**0**	**0**	**2,097**

Amounts in million euros (Unless otherwise stated)

Group	Movement in ECL allowance				
	Stage 1	Stage 2	Stage 3	POCI	Total
Accumulated allowances for impairment at 31/12/2017	-	-	-	-	0
Re-measurement for IFRS 9 FTA impact	27	-	-	-	27
ECL allowance as at 1/1/2018	**27**	**-**	**-**	**-**	**27**
Transfer to Discontinued Operations	(0)	-	-	-	(0)
ECL impairment charge for the year (P&L)	(6)	1	-	-	(6)
Disposals	(6)	-	-	-	(6)
At 31/12/2018	**14**	**1**	**0**	**0**	**15**

Bank	Movement in gross carrying amounts of debt instruments				
	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31/12/2017	-	-	-	-	0
Reclassification for IFRS9 FTA impact	1,724	-	-	-	1,724
Opening balance at 1/1/2018	**1,724**	**-**	**-**	**-**	**1,724**
Additions	2,189	2	-	-	2,191
Coupon receipts	(6)	(0)	-	-	(6)
Disposals/ maturities	(1,836)	(1)	-	-	(1,837)
Interest income	46	0	-	-	46
Changes in Fair Value	(26)	(0)	-	-	(26)
Closing balance 31/12/2018	**2,091**	**2**	**0**	**0**	**2,092**

Bank	Movement in ECL allowance				
	Stage 1	Stage 2	Stage 3	POCI	Total
Accumulated allowances for impairment at 31/12/2017	-	-	-	-	0
Re-measurement for IFRS 9 FTA impact	27	-	-	-	27
ECL allowance as at 1/1/2018	**27**	**-**	**-**	**-**	**27**
ECL impairment charge for the year (P&L)	(6)	1	-	-	(5)
Disposals	(6)	-	-	-	(6)
At 31/12/2018	**15**	**1**	**0**	**0**	**16**

	Group	Bank
	31/12/2018	31/12/2018
Current financial assets at FVTOCI (up to 1 year)	1,481	1,477
Non-current financial assets at FVTOCI (more than 1 year)	616	616
Total financial assets at FVTOCI	**2,097**	**2,093**

Amounts in million euros (Unless otherwise stated)

The table below shows the net gain/ (losses) from financial instruments measured at fair value through other comprehensive income.

	Group	Bank
	31/12/2018	31/12/2018
Debt securities (amount in OCI)	(39)	(39)
Debt securities (amount in P&L)	17	17
Investment in equity securities (amount in OCI)	15	15

27.2 Available for sale portfolio

	Group	Bank
	31/12/2017	31/12/2017
Greek government bonds	531	531
Foreign government bonds	144	-
Company bonds	7	7
Bank bonds	37	37
Greek government treasury bills	1,149	1,149
Foreign government treasury bills	34	-
Total bonds and other fixed income securities (A)	**1,902**	**1,724**
Athens stock exchange listed shares	24	24
Foreign stock exchange listed shares	0	0
Unlisted shares	175	169
Mutual funds	81	81
Other variable income securities	22	22
Total shares and other variable income securities (B)	**302**	**296**
Total available for sale securities (A) + (B)	**2,204**	**2,019**

From the above mentioned Group bonds and treasury bills of the investment portfolio as at 31/12/2017, amount of € 754 million relates to fixed rate securities, amount of € 1,149 million relates to zero coupon bonds, whereas no amount relates to floating rate securities. Additionally, as at 31/12/2017 an amount of € 159 million is included in cash and cash equivalents less than 90 days (Note 47).

From the above mentioned Bank bonds and treasury bills of the available for sale investment portfolio as at 31/12/2017, amount of € 575 million relates to fixed rate securities, amount of € 1,149 million relates to zero coupon bonds but no amount relates to floating rate securities. Additionally, amount of € 159 million is included in cash and cash equivalents less than 90 days (Note 47).

On 15/11/2017, the Greek State proceeded to the optional exchange of 20 bonds ("Designated Securities"), which were issued on 24/2/2012, in the context of Hellenic Republic debt restructuring, with the participation of the private sector (PSI), with 5 new bonds. The exchange aimed to align the outstanding debt of the Hellenic Republic with market standards in order to normalize the yield curve as well as to improve the liquidity of the bonds in the secondary market.

Amounts in million euros (Unless otherwise stated)

The exchange was recorded with a defined exchange ratio with the new bonds to mature within 5-year, 10-year, 15-year, 17-year and 25-year duration, while the average duration remained unchanged compared to the old securities. The new bonds bear fixed interest rate between 3.5% and 4.2%. In the exchange on 5/12/2017 Piraeus Bank participated with securities of nominal value of € 531 million receiving new securities with a nominal value of € 537 million. The transaction was treated from accounting perspective as a modification of the contractual terms of the designated securities.

The movement in the available for sale portfolio is summarised as follows:

	Group	Bank
	31/12/2017	31/12/2017
Opening balance	2,740	2,368
Opening balance of discontinued operations	(154)	-
Additions	6,068	5,996
- From continuing operations	6,068	-
- From discontinued operations	-	-
Amortisation of premiums/discounts	60	60
Disposals/ maturities	(6,665)	(6,555)
- From continuing operations	(6,665)	-
- From discontinued operations	-	-
Changes in fair value	153	150
- From continuing operations	153	-
- From discontinued operations	-	-
Foreign exchange differences	1	-
- From continuing operations	1	-
- From discontinued operations	-	-
Closing balance	**2,204**	**2,019**

	Group	Bank
	31/12/2017	31/12/2017
Current available for sale securities (up to 1 year)	1,211	1,149
Non-current available for sale securities (more than 1 year)	691	575
Total available for sale securities	**1,902**	**1,724**

27.3 Held to maturity portfolio

Group	31/12/2017
Corporate entities bonds	-
Greek government bonds	-
Total held to maturity	**0**

Amounts in million euros (Unless otherwise stated)

Group: Movement of the held to maturity securities	31/12/2017
Opening balance	7
Additions	(0)
Maturity of securities	(7)
Coupons receipts	-
Closing balance	**(0)**

During 2017, "Maturity of securities" mainly includes maturity of securities of the Group's subsidiaries.

28 Debt securities at amortised cost

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Corporate entities debt securities	0	18	0	18
Foreign Government Bonds (other than Greek government)	208	-	208	-
Bank debt securities	-	5	-	5
Total gross amount of debt securities at amortised cost	**208**	**23**	**208**	**23**
Less: ECL Allowance on debt securities	0	-	0	-
Total debt securities at amortised cost	**208**	**23**	**208**	**23**

	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Current debt securities (up to 1 year)	-	-	-	-
Non current debt securities (more than 1 year)	208	23	208	23
	208	**23**	**208**	**23**

Debt securities for the Group and the Bank as of 31/12/2017 was reclassified to the financial assets mandatorily measured at FVTPL portfolio upon the transition to IFRS 9 as at 1/1/2018.

The increase in debt securities at amortised cost for the Group and the Bank measured in 2018 is due to the acquisition of European Government Bonds with a business objective to hold and collect interest income and principal.

All "Debt Securities at amortised cost" are classified as Stage 1. Please refer to Note 4.6 regarding the external rating grade. Management has estimated that the ECL allowance for the Stage 1 exposures, based on 12 month ECL, is less than € 1 million for both the Group and the Bank.

	Group	Bank
	Stage 1	Stage 1
Gross carrying amount as at 31/12/2017	23	23
Reclassification for IFRS 9 FTA impact	(23)	(23)
Gross carrying amount as at 1/1/2018	**-**	-
New assets originated or purchased	209	209
Other Debits to the Gross Balance/ Repayments	(1)	(1)
At 31/12/2018	**208**	**208**

Amounts in million euros (Unless otherwise stated)

29 Investments in consolidated companies

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

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

a/a	Name of Company	Activity	Country	Unaudited tax years (1)	Group	Bank
					% holding	% holding
1.	Piraeus Leasing S.A.	Finance leases	Greece	2013-2018	100.00%	100.00%
2.	Piraeus Financial Leases S.A.	Finance leases	Greece	2013-2018	100.00%	100.00%
3.	Geniki Financial & Consulting Services S.A.	Financial & consulting services	Greece	2012-2018	100.00%	100.00%
4.	Piraeus Securities S.A.	Stock exchange operations	Greece	2013-2018	100.00%	100.00%
5.	Piraeus Factoring S.A.	Corporate factoring	Greece	2013-2018	100.00%	100.00%
6.	Piraeus Capital Management S.A.	Venture capital fund	Greece	2013-2018	100.00%	100.00%
7.	Piraeus Jeremie Technology Catalyst Management S.A.	Management of venture capital fund	Greece	2013-2018	100.00%	-
8.	Hellenic Fund for Sustainable Development	Close End Venture Capital Fund	Greece	-	65.00%	-
9.	ETVA Fund Management S.A.	Management of venture capital mutual funds	Greece	2014-2018	65.00%	-
10.	Piraeus Asset Management S.A.	Mutual funds management	Greece	2013-2018	100.00%	100.00%
11.	Piraeus Insurance Agency S.A.	Insurance agency	Greece	2013-2018	100.00%	100.00%
12.	Geniki Information S.A.	Assessment and collection of commercial debts	Greece	2013-2018	100.00%	100.00%
13.	DI.VI.PA.KA S.A.	Administrative and managerial body of the Kastoria industrial park	Greece	2013-2018	57.53%	-
14.	ETVA Development S.A.	Investment and development activities, in accordance with the principles of sustainable development	Greece	2014-2018	65.00%	-
15.	ETVA Industrial Parks S.A.	Development/ management of industrial areas	Greece	2013-2018	65.00%	65.00%
16.	Piraeus Green Investments S.A.	Holding company	Greece	2013-2018	100.00%	100.00%
17.	Abies S.A.	Property management	Greece	2013-2018	61.65%	40.14%
18.	Achaia Clauss Estate S.A.	Property management	Greece	2013-2018	75.37%	75.37%
19.	Euroterra S.A.	Property management	Greece	2013-2018	62.90%	42.51%
20.	Kosmopolis A' Shopping Centers S.A.	Shopping center’s management	Greece	2013-2018	100.00%	100.00%

Amounts in million euros (Unless otherwise stated)

a/a	Name of Company	Activity	Country	Unaudited tax years (1)	Group	Bank
					% holding	% holding
21.	Linklife Food & Entertainment Hall S.A.	Operation of food and entertainment Halls	Greece	2014-2018	100.00%	-
22.	ND Development S.A.	Property management	Greece	2013-2018	100.00%	100.00%
23.	New Up Dating Development Real Estate and Tourism S.A.	Property, tourism & development company	Greece	2013-2018	100.00%	100.00%
24.	Picar S.A.	City Link areas management	Greece	2013-2018	100.00%	100.00%
25.	Property Horizon S.A.	Property management	Greece	2013-2018	100.00%	100.00%
26.	Rebikat S.A.	Property management	Greece	2013-2018	61.92%	40.31%
27.	General Construction and Development Co. S.A.	Property development/ holding company	Greece	2013-2018	66.66%	66.66%
28.	Entropia Ktimatiki S.A.	Property management	Greece	2013-2018	66.70%	-
29.	Euroak S.A. Real Estate	Real estate investment	Greece	2013-2018	53.60%	53.60%
30.	Komotini Real Estate Development S.A.	Property management	Greece	2013-2018	100.00%	100.00%
31.	Piraeus Buildings S.A.	Property development	Greece	2010-2018	100.00%	-
32.	Piraeus Development S.A.	Property management	Greece	2013-2018	100.00%	100.00%
33.	Piraeus Real Estate S.A.	Construction company	Greece	2013-2018	100.00%	100.00%
34.	Pleiades Estate S.A.	Property management	Greece	2013-2018	100.00%	100.00%
35.	A.C.T. B.A.S. S.A.	Counseling services for payroll and labour affairs	Greece	2011-2018	100.00%	100.00%
36.	KPM Energy S.A.	Energy generation and exploitation through renewable energy resources	Greece	2013-2018	100.00%	-
37.	Mille Fin S.A.	Vehicle Trading	Greece	2013-2018	100.00%	100.00%
38.	Multicollection S.A.	Assessment and collection of commercial debts	Greece	2009-2018	51.00%	51.00%
39.	Piraeus Direct Solutions S.A.	Financial - telecommunication & IT services	Greece	2013-2018	100.00%	100.00%
40.	Zibeno I Energy S.A.	Energy generation through renewable energy resources	Greece	2015-2018	83.00%	-
41.	Centre of Sustainable Entrepreneurship Excelixi S.A.	Consulting Services - Hotel - Training & Seminars	Greece	2013-2018	100.00%	100.00%
42.	PROSPECT M.C.P.Y.	Yachting management	Greece	-	100.00%	-
43.	Anemos Ipirou Anonymi Energeiaki Etaireia	The exploitation of wind energy park in Greece.	Greece	2011-2018	100.00%	-
44.	Aioliki Mbeleheri S.A.	The exploitation of wind energy park in Greece and the holding of investments with similar activities.	Greece	2011-2018	100.00%	-

Amounts in million euros (Unless otherwise stated)

a/a	Name of Company	Activity	Country	Unaudited tax years (1)	Group	Bank
					% holding	% holding
45.	Aiolikon Parko Artas Aetoi E.E.	The exploitation of wind energy park in Greece	Greece	2011-2018	100.00%	-
46.	Aiolikon Parko Evritanias Morforahi E.E.	The exploitation of wind energy park in Greece	Greece	2011-2018	100.00%	-
47.	Aiolikon Parko Evritanias Ouranos E.E.	The exploitation of wind energy park in Greece	Greece	2011-2018	100.00%	-
48.	DMX Aioliki Marmariou - Agathi LLP	The exploitation of wind energy park in Greece	Greece	2011-2018	100.00%	-
49.	DMX Aioliki Marmariou - Rigani LLP	The exploitation of wind energy park in Greece	Greece	2011-2018	100.00%	-
50.	DMX Aioliko Parko Rodopi 2 E.E.	The exploitation of wind energy park in Greece	Greece	2011-2018	100.00%	-
51.	Thriacio Logistics Center S.A.	Logistic Center	Greece	-	52.00%	-
52.	Tirana Leasing Sh.A.	Finance leases	Albania	2016-2018	100.00%	100.00%
53.	Cielo Consultancy Sh.P.K.	Holding and investment company	Albania	2014-2018	99.09%	-
54.	Piraeus Insurance Brokerage EOOD	Insurance brokerage	Bulgaria	2007-2018	99.98%	-
55.	Beta Asset Management EOOD	Rent and management of real estate	Bulgaria	2013-2018	99.98%	-
56.	Bulfina E.A.D.	Property management	Bulgaria	2008-2018	100.00%	100.00%
57.	Bulfinace E.A.D.	Property Management	Bulgaria	2008-2018	100.00%	-
58.	Delta Asset Management EOOD	Real Estate Development	Bulgaria	2015-2018	99.98%	-
59.	Gama Asset Management EOOD	Real Estate Development	Bulgaria	2015-2018	99.98%	-
60.	Piraeus Real Estate Bulgaria EOOD	Construction company	Bulgaria	2007-2018	100.00%	-
61.	Varna Asset Management EOOD	Real estate development	Bulgaria	2014-2018	99.98%	-
62.	Asset Management Bulgaria EOOD	Travel - rental services and property management	Bulgaria	2012-2018	99.98%	-
63.	Besticar Bulgaria EOOD	Collects receivables	Bulgaria	2012-2018	99.98%	-
64.	Besticar EOOD	Collects receivables from problematic clients	Bulgaria	2012-2018	99.98%	-
65.	Emerald Investments EOOD	Property management	Bulgaria	2018	99.98%	-
66.	Piraeus Equity Investment Management Ltd	Investment management	Cyprus	2012-2018	100.00%	-
67.	Arigeo Energy Holdings Ltd	Holding company in renewable energy	Cyprus	2012-2018	100.00%	-
68.	Euroinvestment & Finance Public Ltd	Asset management, real estate operations	Cyprus	2008-2018	90.85%	90.85%
69.	Piraeus Clean Energy Holdings Ltd	Holding Company	Cyprus	2012-2018	100.00%	-
70.	Piraeus Equity Partners Ltd	Holding company	Cyprus	2012-2018	100.00%	100.00%

Amounts in million euros (Unless otherwise stated)

a/a	Name of Company	Activity	Country	Unaudited tax years (1)	Group	Bank
					% holding	% holding
71.	Piraeus Renewable Investments Limited	Holding company	Cyprus	2016-2018	100.00%	-
72.	PRI WIND I Limited	Holding company	Cyprus	2016-2018	100.00%	-
73.	PRI WIND II Limited	Holding company	Cyprus	2016-2018	100.00%	-
74.	PRI WIND III Limited	Holding company	Cyprus	2016-2018	100.00%	-
75.	R.E. Anodus Two Ltd	Holding and investment company	Cyprus	2013-2018	99.09%	99.09%
76.	Tellurion Ltd	Holding company	Cyprus	2013-2018	100.00%	100.00%
77.	Tellurion Two Ltd	Holding company	Cyprus	2013-2018	99.09%	-
78.	Trieris Two Real Estate Ltd	Holding, Investment and Real Estate Portfolio Management	Cyprus	2011-2018	100.00%	100.00%
79.	Zibeno Investments Ltd	Holding Company	Cyprus	2012-2018	83.00%	-
80.	O.F. Investments Ltd	Investment company	Cyprus	2012-2018	100.00%	-
81.	R.E. Anodus Ltd	Consultancy services for real estate development and investments	Cyprus	2009-2018	100.00%	100.00%
82.	Lakkos Mikelli Real Estate Ltd	Property management	Cyprus	2009-2018	50.66%	40.00%
83.	Philoktimatiki Public Ltd	Land and property development	Cyprus	2015-2018	53.29%	6.39%
84.	Piraeus Clean Energy GP Ltd	General partner of Piraeus Clean Energy LP	Cyprus	2012-2018	100.00%	-
85.	Piraeus Equity Advisors Ltd	Investment advice	Cyprus	2012-2018	100.00%	-
86.	Sunholdings Properties Company Ltd	Land and property development	Cyprus	2008-2018	26.65%	-
87.	Philoktimatiki Ergoliptiki Ltd	Construction company	Cyprus	2015-2018	53.29%	-
88.	WH South Wind Hellas Ltd	The holding of investments in Renewable Energy Sector in Greece	Cyprus	2016-2018	100.00%	-
89.	Emadierio Solar Energy & Investments Ltd	The exploitation of wind energy park in Greece	Cyprus	2016-2018	100.00%	-
90.	Josharton Ltd	Holding of investments	Cyprus	2016-2018	100.00%	-
91.	JSC Piraeus Bank ICB	Banking activities	Ukraine	2015-2018	99.99%	99.99%
92.	Akinita Ukraine LLC	Real estate development	Ukraine	2014-2018	100.00%	-
93.	Sinitem LLC	Sale and purchase of real estate	Ukraine	2013-2018	99.94%	-
94.	Solum Enterprise LLC	Property management	Ukraine	2012-2018	99.94%	-

Amounts in million euros (Unless otherwise stated)

a/a	Name of Company	Activity	Country	Unaudited tax years (1)	Group	Bank
					% holding	% holding
95.	Solum Limited Liability Company	Property management	Ukraine	2018	99.94%	-
96.	Piraeus Leasing Romania S.A.	Monitoring and collection services for loans disbursed by the company	Romania	2003-2018	100.00%	100.00%
97.	Daphne Real Estate Consultancy SRL	Real estate development	Romania	2014-2018	99.09%	-
98.	Priam Business Consultancy SRL	Real estate development	Romania	2014-2018	99.18%	-
99.	Proiect Season Residence SRL	Real estate development	Romania	2012-2018	100.00%	-
100.	R.E. Anodus SRL	Real Estate development	Romania	2013-2018	99.09%	-
101.	Rhesus Development Projects SRL	Real estate development	Romania	2014-2018	99.09%	-
102.	Piraeus Real Estate Consultants SRL	Construction company	Romania	2015-2018	100.00%	-
103.	Piraeus Rent Doo Beograd	Operating Leases	Serbia	2007-2018	100.00%	100.00%
104.	Piraeus Real Estate Egypt LLC	Property management	Egypt	2011-2018	100.00%	99.90%
105.	Trieris Real Estate Management Ltd	Management of Trieris Real Estate Ltd	British Virgin Islands	-	100.00%	100.00%
106.	Marathon 1 Greenvale Rd LLC	Real estate development	U.S.A.	2012-2018	99.95%	99.95%
107.	Piraeus Group Capital Ltd	Debt securities issue	United Kingdom	-	100.00%	100.00%
108.	Piraeus Group Finance PLC	Debt securities issue	United Kingdom	-	100.00%	100.00%
109.	Axia Finance III PLC	SPE for securitization of corporate loans	United Kingdom	-	-	-
110.	Axia Finance PLC	SPE for securitization of corporate loans	United Kingdom	-	-	-
111.	Axia III APC LIMITED	SPE for securitization of corporate loans	United Kingdom	-	-	-
112.	Estia Mortgage Finance PLC	SPE for securitization of mortgage loans	United Kingdom	-	-	-
113.	Estia Mortgage Finance II PLC	SPE for securitization of mortgage loans	United Kingdom	-	-	-
114.	Kion Mortgage Finance PLC	SPE for securitization of mortgage loans	United Kingdom	-	-	-
115.	Praxis I Finance PLC	SPE for securitization of consumer loans	United Kingdom	-	-	-
116.	Praxis II APC LIMITED	SPE for securitization of consumer loans	United Kingdom	-	-	-
117.	Praxis II Finance PLC	SPE for securitization of consumer loans	United Kingdom	-	-	-
118.	Piraeus Asset Management Europe S.A.	Mutual funds management	Luxemburg	-	100.00%	99.94%

Amounts in million euros (Unless otherwise stated)

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

The subsidiaries duly numbered 109 - 117 are special purpose vehicles for securitization of loans and advances to customers and issuance of debt securities. The subsidiary duly numbered 86 although presenting less than 50.00% holding percentage, is included in the Group's subsidiaries' portfolio due to majority presence in the Board of Directors of the company.

Furthermore, as at 31/12/2018 the subsidiaries duly numbered 16, 31, 37-38, 52 and 66 were under liquidation.

The subsidiaries that are excluded from the consolidation are as follows: a) «Hellenic Information Systems HIS S.A. », b) «The Museum Ltd.», c) «Procas Holding Ltd», d) «Torborg Maritime Inc.», e) «Isham Marine Corp.», f) «Axia III Holdings Ltd.», g) «Praxis II Holdings Ltd.» and h) «Kion Holdings Ltd.». The consolidation of the above mentioned companies would not have a significant effect on the Consolidated Statement of Financial Position and Consolidated Income Statement.

The movement for investments in subsidiaries for the Bank is analysed as follows:

	Bank	
	31/12/2018	**31/12/2017**
Opening balance	811	1,051
Additions	1	4
Participation in share capital increases/ decreases of subsidiaries	1	0
Disposals	(2)	-
Impairment charge	(60)	(94)
Transfers to held for sale portfolio	(148)	(101)
Foreign exchange differences and other adjustments	-	(0)
Transfers to Associate companies	-	(49)
Closing balance	**602**	**811**

The “Transfers to held for sale portfolio” are related to Tirana Bank I.B.C. S.A. and Piraeus Bank Bulgaria A.D. Relative reference is provided in Note 33.

During the year 2018, the Bank recorded a loss of € 49 million in the line “Impairment on investment securities and participations” of the Income Statement, as a result of the impairment of subsidiaries which are included in its held for sale portfolio (relative reference is provided in Note 33). Relevant information, concerning the impairment recorded by the Group, is provided in Note 15.

Annual Financial Statements of Subsidiaries

The Annual Financial Reports of the subsidiaries of the Piraeus Bank Group for the year ended 31/12/2018 which were finalized prior to the date of the issuance of the annual financial report of the year 2018, are available on the web site of Piraeus Bank at www.piraeusbankgroup.com in the section Investor Relations, in the subsection Financial Data - Financial Statements - Consolidated Companies. The Annual Financial Reports of the remaining subsidiaries of the Piraeus Bank Group will be available on the web site of Piraeus Bank when these will be finalized.

Amounts in million euros (Unless otherwise stated)

Changes in the interest in subsidiary companies that did not result in loss of control

The effect of the change in the ownership interest in subsidiary companies, which did not result in loss of control, is not material to the equity attributable to the shareholders of the Bank during the financial year 2018. The respective effect during the year 2017, is presented in the following table:

31/12/2017	Changes in the interest	Carrying value of acquired third party interests	Consideration paid	Equity attributable to the shareholders of the Bank
Olympic Commercial & Tourist Enterprises S.A.	6.00%	6	(15)	(9)
Achaia Clauss Estate S.A.	0.11%	(0)	(0)	(0)
Akinita Ukraine LLC	0.91%	(0)	(0)	(0)
Total		**6**	**(15)**	**(9)**

Line “Disposals and movements in participating interests” of the Consolidated Statement of Changes in Equity, includes the equity attributable to the shareholders of the Bank, as mentioned in the previous table.

Consequences of loss of control of a subsidiary company due to disposal

The most significant cases of loss of control of subsidiary companies due to disposal, in the financial years 2018 and 2017, are the following:

1/1 - 31/12/2018	Consideration	Group’s gain/ (loss) from the disposal
Piraeus Bank Romania S.A.	44	(100)
Piraeus Insurance and Reinsurance Brokerage S.A.	27	18
Piraeus Direct Services S.A.	1	1
Piraeus ACT Services S.A.	1	1
Piraeus Bank Beograd A.D.	61	(53)
Olympic Commercial & Tourist Enterprises S.A.	81	(5)
Piraeus Leasing Doo Beograd	-	1
ATE Insurance Romania S.A.	3	0
Special Financial Solutions S.A.	0	(0)
Piraeus Real Estate Tirana Sh.P.K.	0	(0)
Alecsandri Estates SRL	55	(3)
Yota Assets Ltd	3	0

The results from the loss of control for the companies Piraeus Insurance and Reinsurance Brokerage S.A., Piraeus Direct Services S.A., Piraeus ACT Services S.A., Special Financial Solutions S.A., Piraeus Real Estate Tirana Sh.P.K., Alecsandri Estates SRL and Yota Assets Ltd are recorded in the line “Results from the disposal of participation of subsidiaries and associates” in the Consolidated Income Statement. The results from the loss of control for the companies Piraeus Bank Romania S.A., Piraeus Bank Beograd A.D., Olympic Commercial & Tourist Enterprises S.A., Piraeus Leasing Doo Beograd and ATE Insurance Romania S.A. are recorded in the line “Profit/ (loss) after income tax from discontinued operations”.

Amounts in million euros (Unless otherwise stated)

1/1 - 31/12/2017	Consideration	Group's gain/ (loss) from the disposal
Trastor Real Estate Investment Company	-	(3)

Significant restrictions of subsidiary companies

With respect to the domestic subsidiaries of Piraeus Bank Group, except for the restrictions imposed by the regulatory framework in which the Group's subsidiary companies operate, no other significant legal, contractual, or regulatory restrictions are imposed regarding the transfer of cash in the form of dividends, the transfer of funds, and so on, as well as the repayment of loans that have been issued within the Group.

Namely to the foreign bank subsidiaries, there is a prohibition by local Central Banks in all types of placements to the Group due to the condition of the Greek economy. Moreover, the early repayment of subordinated loans requires the prior approval of each local Central Bank. The total consolidated assets and liabilities of the foreign bank subsidiaries (including Tirana Bank I.B.C. and Piraeus Bank Bulgaria A.D., which have been classified as held for sale during 2018) on 31/12/2018 were € 1,837 million (31/12/2017: € 3,625 million) and € 1,708 million (31/12/2017: € 3,089 million) respectively.

In general, there are restrictions concerning dividend distribution, by foreign subsidiary bank, while there are no restrictions in the repayment of their loans that have been granted by another company of the Group, even before their maturity. As an exception, there are restrictions in the transfer of funds or the early repayment of loans of subsidiary companies of the Group in Ukraine (except for Banks) that have been granted by non-resident companies, as required by a resolution of the Central Bank of Ukraine. The above mentioned decision of the Central Bank of Ukraine does not define a deadline for the abovementioned restrictions.

Significant non-controlling interests

There are significant non-controlling interests in the subsidiary companies ETVA Industrial Parks S.A., Lakkos Mikelli Real Estate LTD and Euroterra S.A. The ownership interest of non-controlling investors in these companies is equivalent to the respective percentage of voting rights. The percentage of non-controlling interests and the respective carrying value on 31/12/2018, as well as the profit or loss attributed to non-controlling interests for the year 2018 compared to the year 2017 for the above mentioned subsidiary companies, are the following:

Company name	% non-controlling interests		Carrying value of non-controlling interests		Gain/ (losses) attributed to non-controlling interests	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	2018	2017
ETVA Industrial Parks S.A.	35.00%	35.00%	71	76	(5)	(0)
Lakkos Mikelli Real Estate Ltd	49.34%	49.34%	30	30	(0)	1
Euroterra S.A.	37.10%	37.10%	17	20	(3)	(1)

The table that follows presents the consolidated financial data (before the elimination of intercompany transactions) of the subsidiary companies mentioned above:

Amounts in million euros (Unless otherwise stated)

Condensed Statement of Total Comprehensive Income	ETVA Industrial Parks S.A.		Lakkos Mikelli Real Estate Ltd	
	2018	2017	2018	2017
Profit/ (loss) for the year	(15)	(0)	(1)	1
Other comprehensive income, net of tax	(0)	-	-	-
Total comprehensive income for the year, net of tax	**(15)**	**(0)**	**(1)**	**1**

Condensed Statement of Total Comprehensive Income	Euroterra S.A.	
	2018	2017
Profit/ (loss) for the year	(8)	(2)
Other comprehensive income, net of tax	-	-
Total comprehensive income for the year, net of tax	**(8)**	**(2)**

Condensed Statement of Financial Position	ETVA Industrial Parks S.A.		Lakkos Mikelli Real Estate Ltd	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Current assets	63	63	5	6
Non current assets	162	174	69	69
Total Assets	**226**	**237**	**74**	**75**
Current liabilities	7	3	3	3
Non current liabiliies	16	16	6	6
Total liabilities	**23**	**19**	**10**	**9**

Condensed Statement of Financial Position	Euroterra S.A.	
	31/12/2018	31/12/2017
Current assets	0	0
Non current assets	97	108
Total Assets	**98**	**108**
Current liabilities	8	7
Non current liabiliies	25	28
Total liabilities	**33**	**36**

Amounts in million euros (Unless otherwise stated)

Condensed Cash Flow Statement	ETVA Industrial Parks S.A.		Lakkos Mikelli Real Estate Ltd	
	2018	2017	2018	2017
Net cash inflow/ (outflow) from operating activities	(4)	2	-	(0)
Net cash inflow/ (outflow) from investing activities	(1)	(1)	-	-
Net cash inflow/ (outflow) from financing activities	-	-	-	-
Net increase/ (decrease) in cash and cash equivalents	**(5)**	**2**	**0**	**(0)**
Cash and cash equivalents at the beginning of the year	**59**	**57**	**-**	**0**
Cash and cash equivalents at the end of the year	**54**	**59**	**0**	**0**

Condensed Cash Flow Statement	Euroterra S.A.	
	2018	2017
Net cash inflow/ (outflow) from operating activities	(0)	(0)
Net cash inflow/ (outflow) from investing activities	-	-
Net cash inflow/ (outflow) from financing activities	-	-
Net increase/ (decrease) in cash and cash equivalents	**(0)**	**(0)**
Cash and cash equivalents at the beginning of the year	**0**	**1**
Cash and cash equivalents at the end of the year	**0**	**1**

The subsidiary company Lakkos Mikelli Real Estate Ltd within the financial year 2018 did not distribute any dividends to non-controlling investors.

Consolidated structured entities

The Group controls and as a result consolidates seven structured entities, which were established in order to perform securitization transactions for mortgage, corporate and consumer loans.

These special purpose entities were established in order to assist in the liquidity enhancement of the Group. The Group possesses the securitizations of Axia I, Axia III, Praxis I and Praxis II, while the securitizations of Estia I, Estia II and Kion have been sold to investors with the Group possessing a part of them.

The securitization of Kion was obtained as part of the acquisition of Millennium Bank and the Group continues servicing it.

Depending on the criteria that should be satisfied by each securitized loan portfolio, the Group takes the necessary actions arising from its contractual responsibilities. Such actions may consist of loan replacements or even the inclusion of new loans if deemed necessary.

It is the intention of the Group to continue this practice, in order for securitizations to continue serving as tools of enhancing liquidity.

Amounts in million euros (Unless otherwise stated)

The following table presents the carrying value of bonds held by the Group that were issued by securitization companies:

Company name	Carrying value of held bonds	
	31/12/2018	31/12/2017
Axia Finance PLC	250	250
Axia Finance III PLC	235	235
Praxis I Finance PLC	217	250
Praxis II Finance PLC	370	370
Estia Mortgage Finance PLC	81	92
Estia Mortgage Finance II PLC	529	568
Kion Mortgage Finance PLC	26	29
Total	**1,708**	**1,794**

Interests in unconsolidated structured entities

As of 31/12/2018, the Group has investments in open end mutual funds that are managed by its 100% subsidiary company “Piraeus Asset management AEDAK” and «Piraeus Asset Management Europe SA». The management of mutual funds is performed on behalf of “Piraeus Asset management AEDAK".

The management of mutual funds is performed in the frame of investment strategy referred to the regulation of every mutual fund and carried out in holders’ interests. As a result, the Group acts as their representative (agent) and has no control according to the provisions of IFRS 10. Therefore, the interests in the mutual funds have been classified in the fair value through profit and loss (FVTPL) portfolio. Mutual funds meet the definition of special structured entities.

The Group does not guarantee the returns of the mutual funds and is under no obligation to finance them. Therefore, the Group’s maximum exposure to risk is limited to the carrying value of the mutual funds as at 31/12/2018 amounting to € 52 million (31/12/2017: € 54 million).

The Group also participates in other investment funds, which it does not manage. The carrying value of these investment funds as at 31/12/2018 amounted to € 27 million (31/12/2017: € 27 million). In addition, under the contractual commitments arising from the ownership interest in the previously mentioned investment funds, the Group, if so requested, is responsible for settling a residual amount of € 3 million (31/12/2017: € 1 million) resulting from the initial binding agreement.

Apart from this commitment, no other significant commitments may arise. At the reporting date of the financial statements, it is evaluated whether the Group controls mutual or investment funds, in accordance with the requirements of IFRS 10.

Amounts in million euros (Unless otherwise stated)

In the following table, the mutual funds in which Group participates and their total assets are presented as of 31/12/2018 and 31/12/2017, respectively:

Mutual funds	Total Assets	
	31/12/2018	31/12/2017
Piraeus Insurance Portfolios Balanced Fund	1	1
Piraeus Institutional Domestic Equity Fund	0	1
Piraeus Equity Fund of Funds	14	17
Piraeus Bond Fund of Funds	19	29
Piraeus Domestic Equity Fund	44	54
Piraeus US Equity Fund	6	6
Piraeus International Balanced Fund of Funds	27	33
Piraeus Short Term Money Market Fund (EUR)	22	27
PiraeusInvest Enhanced Liquidity USD Fund Retail	15	20
PiraeusInvest Enhanced Liquidity EUR Fund Retail	70	92
PiraeusInvest Global Balanced FoF Retail	13	16
PiraeusInvest Global Aggressive Balanced Fund of Funds Retail	9	10
PiraeusInvest Global Concervative Balanced Fund of Funds Retail	11	13
Piraeus Balanced Defensive Strategy Fund of Funds (I)	0	-
Piraeus Fund of Funds Emerging Markets Equity Fund (I)	0	-
Total	**251**	**319**

The income from acquisition, disposal and management fees of the mutual funds above, recognized in consolidated income statement of the Group, amounted to € 3 million both in the year 2018 and year 2017.

B) Held for sale subsidiaries classified as discontinued operations

Piraeus Bank Group held for sale subsidiary companies IMITHEA S.A., Tirana Bank S.A. and Piraeus Bank Bulgaria A.D. that are included in discontinued operations, are analysed below. Relevant reference for the disposal procedures, that are under process, for the above companies is provided in Note 15.

s/n	Name of Company	Activity	Country	Unaudited tax years (1)	Group	Bank
					% Holding	% Holding
1	IMITHEA S.A.	Organization, operation and management of hospital units	Greece	2013-2018	100.00%	100.00%
2	Tirana Bank S.A.	Banking activities	Albania	2014-2018	98.83%	98.83%
3	Piraeus Bank Bulgaria A.D.	Banking activities	Bulgaria	2010-2018	99.98%	99.98%

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

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

Amounts in million euros (Unless otherwise stated)

C) Associate companies (equity accounting method) from continuing operations

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

s/n	Name of Company	Activity	Country	Unaudited tax years (1)	Group	Bank
					% Holding	% Holding
1	Piraeus - TANEO Capital Fund	Close end Venture capital fund	Greece	-	50.01%	50.01%
2	PJ Tech Catalyst Fund	Close end Venture capital fund	Greece	-	30.00%	-
3	APE Commercial Property Real Estate Tourist and Development S.A.	Holding company	Greece	2013-2018	27.80%	27.80%
4	Marfin Investment Group Holdings S.A.	Holding company	Greece	2013-2018	31.57%	31.19%
5	Omicron Cyclos Ena Symmetohiki S.A. (former Sciens International Investments & Holding S.A.)	Holding company	Greece	2013-2018	28.10%	28.10%
6	APE Fixed Assets Real Estate Tourist and Development S.A.	Real estate, development/ tourist services	Greece	2013-2018	27.80%	27.80%
7	APE Investment Property S.A.	Real estate, development/ tourist services	Greece	2013-2018	28.92%	28.92%
8	Olganos Real Estate S.A.	Property management/electricity production from hydropower stations	Greece	2014-2018	32.27%	32.27%
9	Pyrrichos S.A.	Property management	Greece	2013-2018	50.77%	50.77%
10	Exodus S.A.	Information technology & software	Greece	2013-2018	49.90%	49.90%
11	Evros' Development Company S.A.	European community programs management	Greece	2010-2018	30.00%	30.00%
12	Gaia S.A.	Software services	Greece	2015-2018	26.00%	-
13	Crete Scient. & Tech. Park Manag. & Dev. Co. S.A.	Scientific and technology park management	Greece	2013-2018	30.45%	30.45%
14	Selonda Aquaculture S.A.	Fish farming	Greece	2012-2018	32.92%	32.92%
15	Nireus Aquaculture S.A.	Fish farming	Greece	2013-2018	32.23%	24.55%
16	Teiresias S.A.	Interbanking company of development, operation and management of information systems	Greece	2013-2018	23.53%	23.53%
17	Trastor Real Estate Investment Company	Real estate investment property	Greece	2013-2018	39.39%	39.39%
18	Unisoft S.A.	Software manufacturer	Greece	2013-2018	23.07%	23.07%
19	Pireaus Direct Services S.A.	Support and e-commerce services, trade of time renewal cards	Greece	2013-2018	49.90%	49.90%
20	Trieris Real Estate Ltd	Property management	British Virgin Islands	-	32.37%	32.37%
21	Exus Software Ltd	IT products retailer	United Kingdom	2018	49.90%	49.90%

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

Amounts in million euros (Unless otherwise stated)

The aforementioned companies were assessed in the context of IFRS 10 by Management. Based on the relevant assessment, the Group does not control these companies and as a result they are not subsidiaries of the Group. According to the provisions of IAS 28, the criteria for classifying these companies as associates and joint ventures are met.

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

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

- The company duly numbered 9 is included in the associate companies' portfolio as Piraeus Bank Group exercises significant influence and not control.

The associate company "Evrytania S.A. Agricultural Development Company'' has been excluded from the consolidation under the equity method of accounting, because it is dormant and the consolidation of this company would not have a significant effect on the Statement of Financial Position and Income Statement, based on its latest available financial information. Furthermore, the associate company NGP Plastic S.A. has been excluded from the consolidation, as this entity has not any available financial data.

The changes in the portfolio of consolidated companies are presented in Note 49.

D) Joint ventures (equity accounting method) from continuing operations

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

s/n	Name of Company	Activity	Country	Unaudited tax years (1)	Group	Bank
					% Holding	% Holding
1	AEP ELAIONA S.A.	Property management	Greece	2012-2018	50.00%	-

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

Interests in significant associate companies and joint ventures

The Group does not have ownership interests in associate companies and joint ventures, considered significant either due to their financial figures or due to potentially strategic importance.

Interests in non-significant associate companies and joint ventures

The total carrying value of interests in associates and joint ventures for the financial year 2018 amounts to € 162 million (2017: € 251 million).

The following table presents in total the proportion of the Group in the after tax results and in total comprehensive income for the year, of its associate companies as at 31/12/2018 and 31/12/2017. The data reported by the associate companies for consolidation purposes, is prepared in accordance with the IFRSs and is adjusted (if necessary) in order to comply with the accounting policies of the Group.

Amounts in million euros (Unless otherwise stated)

Condensed financial information	2018	2017
Share of Profit/ (loss) of associates and joint ventures after tax	15	(31)
Other comprehensive income from continuing operations	1	(5)
Items that may be reclassified subsequently to profit or loss	1	(4)
Items that will not be reclassified subsequently to profit or loss	(1)	(0)
Total comprehensive income	**15**	**(36)**

Other information for associate companies and joint ventures

The Group discontinues recognising its share of further losses in associate companies, when its share of losses equals or exceeds its interest in the associate. The cumulative amount of unrecognised losses from associate companies on 31/12/2018 amounted to € 38 million (31/12/2017: € 26 million). If the associate subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

There are no significant contingent liabilities that relate to the participation of the Group in associate companies.

There are no unrecognised commitments of the Group related to its participation in joint ventures that could result in future outflow of cash or other resources.

There are no significant restrictions in the ability of associates or joint ventures to transfer equity to the company in the form of dividends or to pay loans that have been granted by the Group, apart from the in use restrictions imposed on their framework and the applicable law.

Movement on investment in associates and joint ventures

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Opening balance	251	233	246	202
Additions and participation in share capital increases/ decreases	29	42	25	41
Disposals	(61)	-	(61)	-
Share of Profit/ (loss) of associates and joint ventures after tax	15	(31)	-	-
Transfers from subsidiary companies	0	31	-	49
Impairment	(50)	(18)	(32)	(46)
Foreign exchange differences and other adjustments	(21)	(5)	-	-
Closing balance	**162**	**251**	**179**	**246**

Disposals during 2018 consist mainly of the sale of the total shares of the associate company Hellenic Seaways Maritime S.A.

Amounts in million euros (Unless otherwise stated)

Basic financial data of the associates and the joint ventures

			31/12/2018				
s/n	Name of Company	Country	Participation %	Profit/ (loss) before tax	Total revenues	Total assets	Total liabilities
1	Crete Scient. & Tech. Park Manag. & Dev. Co. S.A.	Greece	30.45%	0	0	0	0
2	Evros' Development Company S.A.	Greece	30.00%	(0)	0	1	1
3	APE Commercial Property Real Estate Tourist and Development S.A.	Greece	27.80%	(0)	0	6	0
4	APE Fixed Assets Real Estate Tourist and Development S.A.	Greece	27.80%	1	0	49	5
5	Trieris Real Estate LTD	British Virgin Islands	32.37%	1	1	22	5
6	APE Investment Property S.A.	Greece	28.92%	(2)	-	171	8
7	Omicron Cyclos Ena Symmetohiki S.A. (former Sciens International Investments & Holding S.A.)	Greece	28.10%	(4)	0	115	140
8	Exodus S.A.	Greece	49.90%	(1)	6	12	10
9	Piraeus - TANEO Capital Fund	Greece	50.01%	1	-	6	0
10	Teiresias S.A.	Greece	23.53%	0	15	9	8
11	PJ Tech Catalyst Fund	Greece	30.00%	2	-	13	1
12	Pyrrichos S.A.	Greece	50.77%	(1)	0	5	18
13	Pireaus Direct Services S.A.	Greece	49.90%	1	16	5	3
14	Gaia S.A.	Greece	26.00%	1	26	9	5
15	Olganos S.A.	Greece	32.27%	(2)	0	9	10
16	Exus Software Ltd	United Kingdom	49.90%	(0)	4	1	1
17	Marfin Investment Group Holding S.A.	Greece	31.57%	*	*	*	*
18	Selonda Aquaculture S.A.	Greece	32.92%	*	*	*	*
19	Nireus Aquaculture S.A.	Greece	32.23%	*	*	*	*
20	Trastor Real Estate Investment Company	Greece	39.39%	4	9	118	35
21	Unisoft S.A.	Greece	23.07%	(5)	7	7	36
22	AEP ELAIONA S.A.	Greece	50.00%	(2)	-	107	106

(*) Upon the approval of the Annual Financial Statements, the listed associated companies Marfin Investment Group Holdings S.A., Selonda Aquaculture S.A. and Nireus Aquaculture S.A. had not published their annual financial statements for the year 2018. According to stock market prices of 31/12/2018, the fair value of the Group's shareholding to associate listed companies is as follows: Marfin Investment Group Holdings S.A. € 21 million, Selonda Aquaculture S.A. € 3 million and Nireus Aquaculture S.A. € 16 million.

Amounts in million euros (Unless otherwise stated)

			31/12/2017				
s/n	Name of Company	Country	Participation %	Profit/ (loss) before tax	Total revenues	Total assets	Total liabilities
1	Crete Scient. & Tech. Park Manag. & Dev. Co. S.A.	Greece	30.45%	(0)	0	0	0
2	Evros' Development Company S.A.	Greece	30.00%	(0)	-	1	1
3	APE Commercial Property Real Estate Tourist and Development S.A.	Greece	27.80%	(17)	-	22	0
4	APE Fixed Assets Real Estate Tourist and Development S.A.	Greece	27.80%	0	-	48	4
5	Trieris Real Estate LTD	British Virgin Islands	32.37%	(5)	2	20	3
6	APE Investment Property S.A.	Greece	28.92%	(64)	-	170	106
7	Omicron Cyclos Ena Symmetohiki S.A. (former Sciens International Investments & Holding S.A.)	Greece	28.10%	(65)	(56)	112	137
8	Exodus S.A.	Greece	49.90%	0	7	12	10
9	Piraeus - TANEO Capital Fund	Greece	50.01%	(0)	-	4	0
10	Teiresias S.A.	Greece	23.53%	(0)	13	7	7
11	PJ Tech Catalyst Fund	Greece	30.00%	(0)	0	11	1
12	Pyrrichos S.A.	Greece	50.77%	(0)	0	9	18
13	Hellenic Seaways Maritime S.A.	Greece	43.48%	10	131	262	173
14	Gaia S.A.	Greece	26.00%	0	27	7	3
15	Olganos S.A.	Greece	32.27%	(1)	-	11	10
16	Exus Software Ltd	United Kingdom	49.90%	(0)	5	6	5
17	Marfin Investment Group Holding S.A.	Greece	31.67%	(62)	1,118	2,600	2,250
18	Selonda Aquaculture S.A.	Greece	32.92%	(9)	177	274	271
19	Nireus Aquaculture S.A.	Greece	32.23%	23	208	403	246
20	Trastor Real Estate Investment Company	Greece	39.39%	1	5	86	6
21	Unisoft S.A.	Greece	23.07%	(1)	-	6	34
22	AEP ELAIONA S.A.	Greece	50.00%	(2)	0	105	104

Amounts in million euros (Unless otherwise stated)

30 Intangible assets

Group - 31/12/2018	Goodwill	Software	Other intangible	Total
Cost				
Opening balance as at 1/1/2018	41	561	77	679
Opening balance from discontinued operations	-	(5)	(27)	(32)
Opening balance of subsidiaries transferred to other portfolios	-	(0)	-	(0)
Additions	-	31	0	31
Transfers	-	27	(0)	27
Disposals	(0)	(0)	(0)	(0)
Write -offs	-	(14)	(0)	(14)
Impairment	-	(10)	-	(10)
Ddisposal of subsidiaries	-	(1)	-	(1)
Foreign exchange differences and other movements	1	0	(1)	(0)
Cost as at 31/12/2018	**42**	**590**	**49**	**681**
Accumulated amortisation				
Opening balance as at 1/1/2018	0	(318)	(60)	(379)
Opening balance from discontinued operations	-	3	24	27
Opening balance of subsidiaries transferred to other portfolios	-	0	-	0
Amortisation charge for the year	-	(48)	(2)	(50)
Transfers	-	(0)	0	0
Disposals	-	0	0	0
Write -offs	-	12	-	12
Accumulated amortisation from disposed subsidiaries	-	1	-	1
Foreign exchange differences and other movements	-	(0)	0	0
Accumulated amortisation as at 31/12/2018	**0**	**(351)**	**(38)**	**(389)**
Net book value as at 31/12/2018	**42**	**239**	**11**	**292**

The goodwill amounting to € 42 million relates mainly to subsidiaries for which no trigger for impairment has occurred.

Amounts in million euros (Unless otherwise stated)

Group - 31/12/2017	Goodwill	Software	Other intangible	Total
Cost				
Opening balance as at 1/1/2017	15	546	90	650
Opening balance of discontinued operations	-	(27)	(16)	(43)
Opening balance of new subsidiaries	-	-	2	2
Opening balance of subsidiaries transferred to other portfolios	-	(0)	-	(0)
Additions	26	33	2	61
- From continuing operations	26	33	0	59
- From discontinued operations	-	0	2	2
Transfers	-	14	-	14
Disposals	-	(1)	(0)	(1)
Write -offs	-	(3)	-	(3)
Impairment	(0)	-	-	(0)
Foreign exchange differences	-	(0)	0	(0)
Cost as at 31/12/2017	**41**	**561**	**77**	**679**
Accumulated amortisation				
Opening balance as at 1/1/2017	-	(297)	(71)	(368)
Opening balance of discontinued operations	-	23	15	37
Opening balance of new subsidiaries	-	-	(0)	(0)
Opening balance of subsidiaries transferred to other portfolios	-	-	(0)	(0)
Amortisation charge for the year	-	(48)	(4)	(52)
- From continuing operations	-	(47)	(3)	(50)
- From discontinued operations	-	(1)	(1)	(2)
Transfers	-	0	-	0
Disposals	-	1	0	1
Write -offs	-	3	-	3
Foreign exchange differences	-	0	(0)	0
Accumulated amortisation as at 31/12/2017	**0**	**(318)**	**(60)**	**(379)**
Net book value as at 31/12/2017	**41**	**243**	**17**	**301**

Bank - 31/12/2018	Goodwill	Software	Other intangible	Total
Cost				
Opening balance as at 1/1/2018	5	544	36	585
Additions	-	31	-	31
Transfers	-	27	-	27
Disposals	-	(0)	-	(0)
Write -offs	-	(14)	-	(14)
Impairment	-	(10)	-	(10)
Cost as at 31/12/2018	**5**	**579**	**36**	**620**
Accumulated amortisation				
Opening balance as at 1/1/2018	-	(305)	(24)	(329)
Amortisation charge for the year	-	(48)	(2)	(50)
Transfers	-	0	-	0
Disposals	-	0	-	0
Write -offs	-	12	-	12
Accumulated amortisation as at 31/12/2018	**0**	**(341)**	**(26)**	**(367)**
Net book value as at 31/12/2018	**5**	**237**	**10**	**252**

Amounts in million euros (Unless otherwise stated)

Bank - 31/12/2017	Goodwill	Software	Other intangible	Total
Cost				
Opening balance as at 1/1/2017	5	500	36	541
Additions	-	32	-	32
Transfers	-	14	-	14
Disposals	-	(1)	-	(1)
Write -offs	-	(0)	-	(0)
Impairment	-	-	-	0
Cost as at 31/12/2017	**5**	**544**	**36**	**585**
Accumulated amortisation				
Opening balance as at 1/1/2017	-	(260)	(21)	(281)
Amortisation charge for the year	-	(47)	(3)	(49)
Transfers	-	0	-	0
Disposals	-	1	-	1
Write -offs	-	-	-	0
Accumulated amortisation as at 31/12/2017	**0**	**(305)**	**(24)**	**(329)**
Net book value as at 31/12/2017	**5**	**239**	**12**	**256**

Amounts in million euros (Unless otherwise stated)

31 Property and equipment

Group - 31/12/2018	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Cost						
Opening balance as at 1/1/2018	782	326	64	71	228	1,472
Opening balance from discontinued operations	(5)	(28)	-	(3)	(22)	(58)
Opening balance of new subsidiaries	13	-	-	0	-	13
Opening balance of subsidiaries transferred to other portfolios	-	(0)	-	-	(0)	(0)
Additions	35	17	32	0	12	97
Transfers	(22)	0	(27)	0	(0)	(50)
Disposals	(13)	(5)	-	(0)	(0)	(18)
Write -offs	(2)	(1)	(0)	(0)	(9)	(13)
Impairment	(8)	(0)	-	-	(12)	(21)
Disposal of subsidiaries	-	(0)	(0)	(0)	(0)	(1)
Foreign exchange differences and other movements	0	0	0	0	0	1
Cost as at 31/12/2018	**779**	**309**	**69**	**69**	**197**	**1,423**
Accumulated depreciation						
Opening balance as at 1/1/2018	(111)	(200)	0	(15)	(105)	(431)
Opening balance from discontinued operations	3	25	-	3	20	51
Opening balance of new subsidiaries	-	-	-	(0)	-	(0)
Opening balance of subsidiaries transferred to other portfolios	-	0	-	-	0	0
Depreciation charge for the year	(12)	(30)	-	(4)	(7)	(52)
Transfers	3	0	-	(0)	0	3
Disposals	0	4	-	0	0	4
Write - offs	0	1	-	0	9	10
Accumulated depreciation from disposed subsidiaries	-	0	-	0	0	0
Foreign exchange differences and other movements	(0)	(0)	-	0	(0)	0
Accumulated depreciation as at 31/12/2018	**(116)**	**(200)**	**0**	**(15)**	**(82)**	**(413)**
Net book value as at 31/12/2018	**663**	**109**	**69**	**54**	**115**	**1,010**

Amounts in million euros (Unless otherwise stated)

Group - 31/12/2017	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Cost						
Opening balance as at 1/1/2017	961	364	119	400	253	2,096
Opening balance of discontinued operations	(92)	(49)	(3)	(387)	(28)	(560)
Opening balance of new subsidiaries	0	0	-	58	-	58
Opening balance of subsidiaries transferred to other portfolios	(30)	-	(0)	(0)	-	(30)
Additions	34	44	27	2	15	122
- From continuing operations	34	43	27	2	14	119
- From discontinued operations	0	2	-	0	1	2
Transfers	(14)	0	(73)	(0)	(3)	(88)
Disposals	(3)	(14)	-	(1)	(0)	(19)
Write - offs	(0)	(17)	(5)	(0)	(5)	(28)
Impairment	(74)	(1)	-	(0)	(3)	(78)
- From continuing operations	(74)	(1)	-	(0)	(3)	(78)
- From discontinued operations	-	(0)	-	-	-	(0)
Foreign exchange differences and other movements	(1)	(0)	0	(0)	(0)	(1)
Cost as at 31/12/2017	**782**	**326**	**64**	**71**	**228**	**1,472**
Accumulated depreciation						
Opening balance as at 1/1/2017	(106)	(237)	-	(131)	(124)	(598)
Opening balance of discontinued operations	4	37	-	124	22	186
Opening balance of new subsidiaries	-	(0)	-	(8)	-	(8)
Opening balance of subsidiaries transferred to other portfolios	2	-	-	0	-	2
Depreciation charge for the year	(13)	(30)	-	(1)	(8)	(51)
- From continuing operations	(12)	(28)	-	(1)	(7)	(48)
- From discontinued operations	(0)	(1)	-	(0)	(1)	(2)
Transfers	1	(0)	-	(0)	0	2
Disposals	0	12	-	0	0	12
Write - offs	0	17	-	0	5	23
Foreign exchange differences and other movements	0	0	-	0	0	0
Accumulated depreciation as at 31/12/2017	**(111)**	**(200)**	**0**	**(15)**	**(105)**	**(431)**
Net book value as at 31/12/2017	**671**	**126**	**64**	**57**	**123**	**1,041**

Amounts in million euros (Unless otherwise stated)

Bank - 31/12/2018	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Cost						
Opening balance as at 1/1/2018	637	281	59	6	204	1,187
Additions	34	17	27	0	12	90
Transfers	(12)	(0)	(27)	0	(0)	(39)
Disposals	(13)	(4)	-	(0)	-	(17)
Write -offs	(2)	(1)	-	(0)	(9)	(13)
Impairment	(1)	(0)	-	-	(12)	(14)
Cost as at 31/12/2018	**643**	**292**	**59**	**6**	**194**	**1,195**
Accumulated depreciation						
Opening balance as at 1/1/2018	(41)	(160)	-	(4)	(84)	(289)
Depreciation charge for the year	(7)	(29)	-	(0)	(6)	(43)
Transfers	(0)	0	-	(0)	0	0
Disposals	0	4	-	0	-	4
Write - offs	0	1	-	0	9	10
Accumulated depreciation as at 31/12/2018	**(48)**	**(185)**	**0**	**(4)**	**(81)**	**(318)**
Net book value as at 31/12/2018	**595**	**107**	**59**	**2**	**113**	**877**

Bank - 31/12/2017	Land and buildings	Furniture, electronic and other equipment	Assets under construction	Other tangible assets	Leasehold improvements	Total
Cost						
Opening balance as at 1/1/2017	609	265	50	6	201	1,131
Additions	32	41	30	2	14	119
Transfers	4	1	(16)	-	(3)	(13)
Disposals	(3)	(10)	-	(1)	-	(14)
Write -offs	(0)	(16)	(5)	(0)	(5)	(26)
Impairment	(6)	(1)	-	(0)	(3)	(10)
Cost as at 31/12/2017	**637**	**281**	**59**	**6**	**204**	**1,187**
Accumulated depreciation						
Opening balance as at 1/1/2017	(35)	(158)	-	(4)	(83)	(279)
Depreciation charge for the year	(6)	(27)	-	(0)	(7)	(41)
Transfers	(0)	(0)	-	-	0	0
Disposals	0	9	-	0	-	10
Write - offs	0	16	-	0	5	21
Accumulated depreciation as at 31/12/2017	**(41)**	**(160)**	**0**	**(4)**	**(84)**	**(289)**
Net book value as at 31/12/2017	**596**	**121**	**59**	**3**	**120**	**898**

The line “Transfers” relates to the following: a) transfers from “Property and equipment” to “Investment Property” of € 22 million and € 16 million for the Group and the Bank respectively , b) transfers from “Property and equipment” to “Intangible Assets” of € 27 million for both Group and Bank due to commencement of operational use, c) transfers to “Property and equipment” from “Investment property” of € 2 million for both Group and Bank and d) transfer to “Property and equipment” from "Inventory properties" € 1 million for both Group and Bank. Additionally, it is noted that during 2018 the impairment charge of property and equipment includes amount of €12 million due to interruptions of Bank's branches operations.

Amounts in million euros (Unless otherwise stated)

32 Investment property

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Opening balance	1,121	1,209	400	363
Opening balance of discontinued operations	(1)	(7)	-	-
Opening balance of subsidiaries transferred to another portfolio	-	(26)	-	-
Net gain / (loss) from Fair Value Measurement (Note 12)	(31)	(228)	(8)	(11)
- From continuing operations	(31)	(228)	-	-
- From discontinued operations	-	0	-	-
Additions	52	94	19	31
Transfers	15	95	24	23
Disposals	(20)	(7)	(17)	(6)
Write offs	(1)	(0)	(0)	(0)
Investment property from disposed companies	(56)	(5)	-	-
Fx differences and other adjustments	1	(5)	-	-
Closing balance	**1,079**	**1,121**	**418**	**400**
Rental income from investment property	**37**	**29**	**10**	**9**
Direct operating expenses of rented investment property	**4**	**4**	**3**	**3**
Direct operating expenses of vacant investment property	**2**	**3**	**2**	**2**

The line “Transfers” relates to the following: a) transfers from “Investment property” of € 32 million and € 13 million for the Group and the Bank respectively, due to the criteria for classification under IAS 40 not being fulfilled any more, b) transfer from “Investment property” of € 2 million for both the Group and the Bank respectively to "Owner occupied Land and buildings”, c) transfers to “Investment property” of € 27 million and € 23 million for the Group and the Bank respectively from "Inventories property" due to lease of the property and d) transfers to “Investment property” of € 22 million and € 16 million for the Group and the Bank respectively from "Owner occupied Land and Buildings" due to the change of the purpose with regards to the use of the property by the Group and the Bank.

The fair value of Investment Property for the Group and the Bank amounting to € 1,079 million and € 418 million respectively has been classified in Fair Value Hierarchy Level 3. Further information with regard to the determination of fair value of investment property is provided in Note 2.2.17 and in Note 3.7.

Amounts in million euros (Unless otherwise stated)

33 Assets held for sale

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Opening balance	18	2	183	73
Opening balance of discontinued operations	-	(2)	-	-
Additions	0	2	-	15
Transfers	742	16	891	101
Disposals	(454)	-	(622)	-
Impairment	0	1	(23)	(5)
- From continuing operations	0	1	-	-
- From discontinued operations	-	-	-	-
Currency translation differences and other movements	0	-	(1)	-
Closing Balance	**307**	**18**	**428**	**183**

The above-mentioned amount of € 307 million for the Group, includes mainly loans with carrying amount of € 304 million that were transferred from Loans and advances portfolio by the Bank. Further information is provided in Note 25.

Further to the above, in the amount of € 428 million of the Bank, subsidiaries Tirana Bank I.B.C. S.A. and Piraeus Bank Bulgaria A.D., that were transferred during the year 2018 to assets held for sale, is included. For the afore-mentioned subsidiaries there is sale process in progress, which is expected to be completed within one year. Further information is provided in Note 15.

Upon classification as "Assets held for sale", measurement of their value at the lower of carrying amount and fair value less costs to sell, was carried out according to the requirements of IFRS 5 and an impairment loss of amount of € 49 million was recorded, which is included in the line "Impairment on investment securities and participations" of total amount of € 92 million.

Amounts in million euros (Unless otherwise stated)

34 Other assets

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Inventories - property	1,588	1,340	1,071	794
(Minus) Accumulated impairment of inventories - property	(217)	(217)	(126)	(120)
Net amount of inventories - property (A)	**1,371**	**1,123**	**945**	**674**
Inventories - cars	1	0	-	-
Other inventories	41	15	27	-
Other inventories and Inventories - cars	42	15	27	-
(Minus) Accumulated impairment of other inventories and Inventories - cars	(11)	(11)	-	-
Net amount of other inventories and Inventories - cars (B)	**31**	**5**	**27**	**0**
Total Net amount of inventories (A) + (B)	**1,402**	**1,128**	**972**	**674**
Prepaid Expenses	48	81	48	68
Accrued income	24	32	21	31
Claims from tax authorities and the State	3	12	0	7
Credit Cards	150	57	150	57
Receivables from Deposit Guarantee and Investor Compensation Scheme	818	811	818	811
Receivables from third parties/ dividends receivable	24	-	1	1
Other items	146	257	144	221
Non financial other receivables	1,214	1,249	1,182	1,197
(Minus) Accumulated impairment of other receivables	(57)	(69)	(51)	(59)
Net amount of non financial other receivables (C)	**1,157**	**1,180**	**1,130**	**1,138**
Claims from the Greek State	317	284	315	282
Credit Cards	98	146	98	146
Accrued income	110	72	92	72
Receivables from Subsidiaries	-	-	187	343
Receivables from third parties/ dividends receivable	116	-	0	-
Other items	501	458	460	289
Financial Instruments	1,142	961	1,153	1,133
(Minus) ECL Allowance of financial instruments	(243)	(223)	(164)	(150)
Net amount of financial instruments (D)	**899**	**738**	**989**	**983**
Other assets (A) + (B) + (C) + (D)	**3,458**	**3,045**	**3,092**	**2,795**

The table below presents the analysis of “Other assets” excluding inventories:

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Current other assets (up to 1 year)	948	729	905	831
Non-current other assets (more than 1 year)	1,108	1,189	1,215	1,290
	2,056	1,918	2,120	2,121

"Other Assets" for the comparative year 2017 have been restated. Relative reference is provided on Note 51.

Other Non-financial instruments

Inventories property as at 31/12/2018 for the Group and the Bank amounts to € 1,371 million and € 945 million respectively (31/12/2017: € 1,123 million and € 674 million respectively) mainly comprise of properties acquired through auctions by the Group and the Bank.

The accumulated impairment of inventories property amounting to € 217 million and € 126 million for the Group and the Bank respectively (31/12/2017: € 217 million and € 120 million respectively), relate to the difference between cost and net realisable value of Inventories property.

“Receivables from Deposit Guarantee and Investor Compensation Scheme” amounting to € 818 million for both the Group and the Bank (31/12/2017: € 811 million) relates to the following:

- In accordance with art. 9 of Greek Law 4370/2016, the upper coverage level for the amount of deposits guaranteed by the Hellenic Deposit and Investment Guarantee Fund (HDIGF) is € 100 thousand per client. Accordingly, the contributions paid by credit institutions to HDIGF increased from 2008 onwards.

- Greek Law 4370/2016 article 25 par. 8, 9 and 10 provides that the Supplementary Deposit Cover Fund (SDCF), is considered as a distinct group of assets which consists of the annual contributions of the credit institutions, pursuant to paragraph 2 of art. 6 of Greek Law 3714/2008 (A '231). The assets of the SDCF are considered to be assets of the SDCF members credit institutions, according to their participation in it and is part of the funds of and subject to management by the HDIGF, for the achievement of its objectives.

- In accordance with article 13 of Greek Law 4370/2016, HDIGF guarantees up to an amount of € 30 thousand per client for investing activities. In 2010, the participating credit institutions paid the first contributions. The said contributions are included in a special reserve which is jointly owned by the credit institutions in proportion to their participation. Each credit institution participating in the Investment Cover Scheme (ICS) has an individual share in it. The individual share of each ICS member is proportional to its participation in the assets of the ICS, art. 30 Greek Law 4370/2016.

- In accordance with art. 36 of Greek Law 4370/2016, the Resolution Scheme (RS) assets, as Resolution Fund for credit institutions, are from ordinary contributions paid in advance, extraordinary contributions and alternative means of funding, pursuant to the internal articles 98, 99 and 100 of art 2 of Greek Law 4355/2015. The contributions are determined in accordance with the provisions in force.

- Furthermore, according to Regulation (EU) 806/2014, the Bank participates in the Single Resolution Fund, through predetermined regular annual contributions, set by the SRB (Single Resolution Board).

“Other items” of € 146 million and € 144 million for the Group and the Bank respectively (31/12/2017: € 257 million and € 221 million respectively) primarily includes balances of temporary and transitional accounts due to timing differences”.

Other Financial instruments

“Claims from the Greek State” of € 317 million and € 315 million for the Group and the Bank respectively (31/12/2017: € 284 million and € 282 million respectively) mainly include amounts claimed or eligible to be claimed from the Greek State relating to mortgage loans guaranteed by the Greek State.

“Other items” of € 501 million and € 460 million for the Group and the Bank respectively (31/12/2017: € 458 million and € 289 million respectively) mainly relates to trade receivables and other assets, In measuring the ECL allowance for the Other financial assets for the Group and the Bank, Management has applied the simplified approach as permitted by the provisions of IFRS 9.

Amounts in million euros (Unless otherwise stated)

Group	Movement in ECL allowance			
	Stage 1	Stage 2	Stage 3	Total
Accumulated allowances for impairment at 31/12/2017	-	-	223	**223**
Re-measurement for IFRS 9 FTA impact	31	1	2	**34**
ECL allowance as at 1/1/2018	31	1	225	**257**
Accumulated ECL allowances from derecognised companies	(0)	-	(1)	**(1)**
ECL impairment charge for the year (P&L)	(7)	0	9	**2**
Write-off of impairment losses	(0)	-	(18)	**(18)**
Other movements	0	-	3	**3**
At 31/12/2018	**24**	**1**	**218**	**243**

Bank	Movement in ECL allowance			
	Stage 1	Stage 2	Stage 3	Total
Accumulated allowances for impairment at 31/12/2017	-	-	150	**150**
Re-measurement for IFRS 9 FTA impact	31	-	2	**33**
ECL allowance as at 1/1/2018	31	-	153	**184**
ECL impairment charge for the year (P&L)	(7)	0	2	**(5)**
Write-off of impairment losses	(0)	-	(15)	**(15)**
At 31/12/2018	**24**	**0**	**140**	**164**

Ageing analysis of financial instruments of other assets by product line

Group	Other Assets - Financial Instruments Days past due - Gross Carrying Amounts							
31/12/2018	Current	365+ days	Denounced	Total	Stage 1	Stage 2	Stage 3	Total
Claims from the Greek State	321	14	-	**335**	321	-	14	**335**
Credit Cards	98	5	-	**103**	98	5	-	**103**
Receivables from Subsidiaries	-	-	-	**0**	-	-	-	**0**
Receivables from third party	312	392	-	**704**	294	27	383	**704**
Total	**730**	**411**	**0**	**1,142**	**713**	**32**	**397**	**1,142**

Bank	Other Assets - Financial Instruments Days past due - Gross Carrying Amounts							
31/12/2018	Current	365+ days	Denounced	Total	Stage 1	Stage 2	Stage 3	Total
Claims from the Greek State	301	14	-	**315**	301	-	14	**315**
Credit Cards	98	-	-	**98**	98	-	-	**98**
Receivables from Subsidiaries	179	8	-	**187**	179	-	8	**187**
Receivables from third party	261	292	-	**553**	255	3	295	**553**
Total	**838**	**315**	**-**	**1,153**	**832**	**3**	**317**	**1,153**

Amounts in million euros (Unless otherwise stated)

35 Due to credit institutions

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Due to central banks	3,200	9,739	3,200	9,731
Deposits from other banks	142	131	292	334
Repurchase agreement - credit institutions	2,050	1,376	2,219	1,545
Other obligations to banks	157	190	150	162
	5,548	**11,435**	**5,862**	**11,772**

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Current due to credit institutions (up to 1 year)	4,406	7,254	4,724	7,615
Non current due to credit institutions (more than 1 year)	1,142	4,182	1,138	4,156
	5,548	**11,435**	**5,862**	**11,772**

Balances due to credit institutions bear floating rates.

Due to central banks include refinancing operations from the eurosystem through repo transactions amounting to € 3,200 million for both the Group and the Bank (31/12/2017: € 9,739 and € 9,731 million respectively). The decrease in the refinancing raised from the eurosystem is mainly due to: a) the reduction in targeted longer-term refinancing operations ("TLTRO"), b) the elimination of funding under the emergency liquidity assistance mechanism ("ELA"), c) the increase in deposits, d) the further deleveraging of the loan portfolio and e) the increase in repo transactions.

36 Due to customers

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Corporate				
Current and sight deposits	8,019	8,044	8,130	7,845
Term deposits	3,665	2,065	3,761	2,066
Blocked deposits, guarantee deposits and other accounts	245	270	245	242
Total (A)	**11,928**	**10,379**	**12,136**	**10,153**
Retail				
Current and sight deposits	3,618	3,221	3,604	3,071
Saving accounts	15,323	15,134	15,320	14,838
Term deposits	13,737	13,835	13,727	13,108
Blocked deposits, guarantee deposits and other accounts	32	44	32	28
Total (B)	**32,711**	**32,233**	**32,683**	**31,045**
Cheques payable and remittances (C)	**100**	**103**	**100**	**103**
Total Due to customers (A)+(B)+(C)	**44,739**	**42,715**	**44,919**	**41,301**

Due to customers (excluding cheques payable and remittances) with floating rates for the Group and the Bank as at 31/12/2018 amounts to € 27,140 million and €27,271 million respectively (31/12/2017: € 26,052 million and € 25,956 million respectively) and with fixed rate for the Group and the Bank amounts to € 17,499 million and € 17,548 million respectively (31/12/2017: € 16,560 million and € 15,243 million respectively).

Amounts in million euros (Unless otherwise stated)

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Current due to customers (up to 1 year)	44,666	42,492	44,846	41,188
Non current due to customers (more than 1 year)	73	223	73	113
	44,739	**42,715**	**44,919**	**41,301**

37 Liabilities at fair value through profit or loss

The Group and the Bank's liabilities at FVTPL amounted to € 62 million (31/12/2017: NIL) include positions from short-term purchases/ sales of securities within the frame of the Group and the Bank's activity as a Primary Dealer of Greek Government Bonds. In total, the positions of the Group and the Bank per securities and per issuer are positive. The aforementioned positions are expected to fluctuate depending on the market conditions.

38 Debt securities in issue

A) Securitisation of mortgage loans

	Average Interest rate (%)	Group		Bank	
		31/12/2018	31/12/2017	31/12/2018	31/12/2017
Issuance € 750 million floating rate notes due 2040	3M Euribor+0.68%	10	11	10	11
Issuance € 1,250 million floating rate notes due 2054	3M Euribor+0.77%	34	37	34	37
Issuance € 600 million floating rate notes due 2051	3M Euribor+0.56%	13	16	13	16
Total debt securities in issue		**58**	**64**	**58**	**64**

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Current debt securities in issue (up to 1 year)	2	3	2	3
Non current debt securities in issue (more than 1 year)	55	61	55	61
	58	**64**	**58**	**64**

From the abovementioned securitisation of mortgage loan issues, both the Group and the Bank possess as at 31/12/2018 bonds of nominal value amounting to a) € 81 million (31/12/2017: € 92 million) from the issuance of € 750 million, b) € 529 million (31/12/2017: € 568 million) from the issuance of € 1,250 million and c) € 26 million (31/12/2017: € 29 million) from the issuance of € 600 million.

Both the Group and the Bank, during the year 2018, proceeded with the buyback of bonds of securitised loans of total amount after amortization of € 3 million.

Amounts in million euros (Unless otherwise stated)

B) Covered Bonds

		Group		Bank	
	Interest rate (%)	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Issuance € 500 million floating rate notes due 2022	3M Euribor+2.50%	471	371	471	371
Total covered bonds		**471**	**371**	**471**	**371**

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Current covered bonds (up to 1 year)	-	8	-	8
Non current covered bonds (more than 1 year)	471	363	471	363
	471	**371**	**471**	**371**

From the abovementioned Covered Bond Series of € 500 million, due October 2022, issued in October 2017 and privately placed with international investors, both the Group and the Bank possess as at 31/12/2018 bonds of nominal value amounting to € 30 million (31/12/2017: € 130 million).

C) Debt securities' issuances retained by Piraeus Bank

Apart from the debt securities in the table above, as at 31/12/2018 liabilities arising from securitisations of loans are retained by the Group and the Bank. These issues are the first and third securitisation of corporate loans in the amount of € 1,750 million and € 2,352 million respectively, as well as the first and second consumer loan backed securitisation of € 725 million and € 558 million respectively.

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

As at 31/12/2018, a total amount of € 4,030 million for both the Group and the Bank (31/12/2017: 2,130 million) of covered bonds issued by Piraeus Bank, are retained by Piraeus Bank. These issues are the covered bond Series 3, with an original amount of € 1,000 million, due November 2019 (original maturity February 2018), the covered bond Series 5, with an original amount of € 1,000 million, due May 2019, the covered bond Series 6, with an original amount of € 1,000 million, due July 2019, and the covered bond Series 7, with an original amount of € 1,000 million, due February 2020, which are fully retained. Furthermore, the Group and the Bank possess covered bonds of nominal value amounting to € 30 million from the issuance of € 500 million, due October 2022 (Series 4).

D) Euro Medium Term Note

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

The Bank has not issued any bonds under its EMTN Program during the year 2018.

Amounts in million euros (Unless otherwise stated)

39 Other Liabilities

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Prepaid income	35	56	32	31
Accrued expenses	104	95	98	88
Obligations under finance leases	40	73	1	1
Transactions with Interbank Systems (DIAS)	326	307	325	307
Withholding taxes and contributions	56	68	49	59
Creditors	97	111	89	94
Liability from collections on behalf of Public sector and third parties	81	75	81	211
Other liability accounts	146	175	62	70
	885	**960**	**736**	**860**

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Current other liabilities (up to 1 year)	739	766	629	762
Non current other liabilities (more than 1 year)	146	194	107	98
	885	**960**	**736**	**860**

The liability arising from the finance lease is analyzed as follows:

	Group		Bank	
Gross liabilities from finance leases	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Up to 1 year	8	12	1	1
From 1 to 5 years	31	49	-	-
More than 5 years	24	62	-	-
	63	**122**	**1**	**1**
Finance expense	(22)	(50)	-	-
Net liabilities from finance leases	**40**	**73**	**1**	**1**

Net liabilities from finance leases may be analyzed as follows:

	Group		Bank	
Net liabilities from finance leases	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Up to 1 year	8	11	1	1
From 1 to 5 years	21	35	-	-
More than 5 years	12	26	-	-
	40	**73**	**1**	**1**

40 Other provisions

The Group and the Bank establishes provisions for all probable future loss that will be incurred and that can be reasonably estimated. These provisions may change from time to time, as appropriate, in light of additional information. Management, taking into account Legal Department's legal opinion, considers the amount of the provisions for outstanding litigations and other provisions to be sufficient. Other provisions includes provisions for outstanding litigations, other provisions as well as credit commitments – ECL allowance.

Amounts in million euros (Unless otherwise stated)

The credit commitments – ECL allowance is estimated based on the same methodology applied for "Loans and advances to customers at amortised cost". Please refer to Note 4.3.1.

Other provisions	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Provisions for outstanding litigations	35	32	28	26
Other Provisions	2	21	-	80
ECL allowance (Note 43.3)	131	-	132	-
	168	**53**	**160**	**105**

The movement in the provisions for outstanding litigations for the Group and Bank is summarised as follows:

Provisions for outstanding litigations	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Opening balance 1/1	32	27	26	17
Opening balance of discontinued operations	(2)	(6)	-	-
Provisions charged / (released) to the Income Statement during the year	5	12	3	10
- From continuing operations	5	12	-	-
Transfer to impairment of other assets	-	(1)	-	(1)
FX differences and other movement	(0)	(0)	(1)	-
Closing balance 31/12	**35**	**32**	**28**	**26**

Provisions for outstanding litigations	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Current (up to 1 year)	30	27	28	25
Non-current (more than 1 year)	5	5	0	0
	35	**32**	**28**	**26**

Amounts in million euros (Unless otherwise stated)

The movement for other provisions for the Group and the Bank is summarised as follows:

Other provisions	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Opening balance 1/1	21	40	80	147
Opening balance of discontinued operations	(1)	(13)	-	-
Provisions charged / (released) to the Income Statement during the year	16	13	16	(39)
- From continuing operations	16	13	-	-
- From discontinued operations	-	0	-	-
Provisions utilised for voluntary exit scheme	-	(11)	-	(9)
Provisions utilised during the year	(14)	(1)	(16)	(1)
Provisions reversed during the year	(13)	(0)	(13)	(1)
Transfer to impairment of loan and advances to customers	(6)	(7)	(67)	(16)
Closing balance 31/12	**2**	**21**	**0**	**80**

Other provisions	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Current (up to 1 year)	0	12	-	-
Non-current (more than 1 year)	2	8	0	80
	2	**21**	**0**	**80**

41 Deferred Taxes

Deferred taxes for the Group and Bank are calculated on all temporary differences under the liability method. The nominal tax rates of Group subsidiaries are different compared to the nominal tax rate of the Bank (Note 16).

Deferred tax assets and liabilities are attributable to the following items:

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Deferred tax liabilities				
Pensions and other post retirement benefits	(0)	(0)	-	-
Loans and advances to customers	-	-	-	-
Other provisions	(0)	-	-	-
Securities valuation adjustment	-	-	-	-
Investment property fair value adjustment	30	34	-	-
Depreciation of property and equipment	2	1	-	-
Amortisation of Intangible assets	(0)	(0)	-	-
Recognition of tax losses carried forward	(0)	(0)	-	-
Participations	-	-	-	-
Other temporary differences	1	0	-	-
Total	**32**	**34**	**0**	**0**

Amounts in million euros (Unless otherwise stated)

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Deferred tax assets				
Pensions and other post retirement benefits	54	54	53	53
Loans and advances to customers	4,771	4,351	4,748	4,324
Other provisions	4	9	-	-
Securities valuation adjustment	(33)	(38)	(32)	(37)
Derivative financial instruments valuation adjustment	12	(17)	12	(17)
Investment property fair value adjustment	(4)	(5)	(6)	(6)
Depreciation of property and equipment	1	(3)	(11)	(16)
Amortisation of Intangible assets	(5)	20	(5)	20
Recognition of tax losses carried forward	446	571	444	569
Impairment of Greek government bonds	1,271	1,326	1,271	1,326
Participations	120	261	119	260
Other temporary differences	11	14	9	7
Total	**6,647**	**6,543**	**6,600**	**6,484**
Net deferred tax asset	**6,615**	**6,508**	**6,600**	**6,484**

Management believes that the recoverability of the recognised DTA as at 31/12/2018 amounting to € 6,647 million and € 6,600 million for the Group and the Bank respectively (31/12/2017: € 6,543 million and € 6,484 million respectively), is probable based upon the tax plan of the Group and the Bank's taxable income for the future (Note 3.5).

As at 31/12/2018, the cumulative tax losses amounted to € 1,688 million and € 1,533 million for the Group and the Bank respectively (31/12/2017: € 2,141 million and € 1,963 million respectively) and were incurred in the years from 2009 until 2018 for the Group and from 2014 until 2015 for the Bank respectively. Management of the Bank and the subsidiaries have estimated that the carry forward tax losses of € 1,558 million and € 1,533 million for the Group and the Bank respectively (31/12/2017: € 1,985 million and € 1,963 million respectively) can be offset by the tax profits based on the tax plan and thus the Group and the Bank have recognised Deferred Tax Asset (DTA) amounting to € 446 million and € 444 million respectively (31/12/2017: € 571 million and € 569 million respectively).

The Group and the Bank have offset the deferred tax assets and deferred tax liabilities on an entity by entity basis based on the legally enforceable right to set off the recognised amounts i.e. offset current tax assets against current tax liabilities as well as the deferred tax assets and deferred tax liabilities when such taxes relate to the same fiscal authority.

Amounts in million euros (Unless otherwise stated)

	Group		Bank	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Net deferred tax asset at 1/1	**6,508**	**5,271**	**6,484**	**5,265**
Opening balance of net deferred tax asset from discontinued operations	(0)	5	-	-
Deferred tax asset due to IFRS 9 FTA impact as at 1/1/2018	1	-	-	-
Net deferred tax liability due to changes in the portfolio of subsidiaries	(0)	-	-	-
Deferred tax benefit	103	1,219	112	1,206
- From continuing operations	103	1,219	-	-
- From discontinued operations	-	(1)	-	-
Available for Sale securities (Note 19)	-	(35)	-	(35)
- From continuing operations	-	(35)	-	-
- From discontinued operations	-	0	-	-
Financial assets at FVTOCI (Note 19)	5	-	4	-
Deferred tax on actuarial gains/ (losses) (Note 19)	(0)	1	(0)	1
- From continuing operations	(0)	1	-	-
- From discontinued operations	-	0	-	-
Payment to the holders of contingent convertible securities	-	48	-	48
Net deferred tax liability due to changes from disposed subsidiaries	(0)	-	-	-
Currency translation effect and other movements	(1)	(0)	-	-
- From continuing operations	(1)	(0)	-	-
- From discontinued operations	-	0	-	-
Net deferred tax asset at 31/12	**6,615**	**6,508**	**6,600**	**6,484**

Deferred tax amounts directly recognised in equity for both the Group and the Bank during 2018 are as follows: deferred tax-income of € 5 million for the Group and € 4 million for the Bank respectively, relating to valuation of securities through other comprehensive income, recorded under the financial assets at FVTOCI reserve (Note 19). Deferred tax assets due to carry forward tax losses are recognised only when it is probable that taxable profits will be available, against which these carry forward tax losses can be utilised.

Amounts in million euros (Unless otherwise stated)

The deferred tax charge in the Income Statement is analysed as follows:

Deferred tax (Income Statement)	Group		Bank	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Pensions and other post retirement benefits	0	0	(0)	0
Loans and advances to customers	420	1,374	424	1,368
Other provisions	(5)	4	-	-
Securities valuation adjustment	1	(0)	-	-
Derivative financial instruments valuation adjustment	28	(21)	28	(21)
Investment property fair value adjustment	5	4	-	-
Depreciation of property and equipment	4	21	5	21
Amortisation of Intangible assets	(26)	(18)	(26)	(18)
Recognition of tax losses carried forward	(125)	(74)	(125)	(73)
Impairment of Greek government bonds	(55)	(55)	(55)	(55)
Participations	(141)	39	(142)	40
Other temporary differences	(3)	(54)	1	(55)
Total	**103**	**1,219**	**111**	**1,206**

Net deferred tax asset analysis	Group		Bank	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Current	109	387	100	377
Non-current	6,537	6,156	6,500	6,107
Total	**6,647**	**6,543**	**6,600**	**6,484**

Net deferred tax liability analysis	Group		Bank	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Current	0	0	-	-
Non-current	32	34	-	-
Total	**32**	**34**	**0**	**0**

Deferred tax additional information	Group		Bank	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Deductible temporary differences for which no deferred tax asset has been recognised in the Statement of Financial Position	-	-	-	-
Unused tax losses for which no deferred tax asset has been recognised in the Statement of Financial Position	131	156	-	-

Amounts in million euros (Unless otherwise stated)

The following table presents the carry forward tax losses and the year of expiration:

Tax year of expiration	Group 31/12/2018	Bank 31/12/2018
2019	1,015	975
2020	591	557
2021	26	-
2022	8	-
2023	2	-
Without time limit	46	-
Total carry forward tax losses	**1,688**	**1,533**

42 Retirement benefit obligations

Defined Benefit Plans

Retirement indemnities

Most Group companies are required by local law to offer retirement indemnities to employees leaving service to retire. Such retirement indemnities are mainly in the form of lump sum payments usually based on final salary and years of service, the calculation of which depends on the jurisdiction in which the company operates and the employee's profession (e.g. Greek law provides for different indemnities for salaried employees, wages earners and lawyers). In some cases, Group company regulations provide for additional benefits to employees above the statutory minimum.

Below is a summary of the defined benefit plans of the Group:

1. Lump sum retirement benefit according to Greek Law 2112/1920 and Greek Law 4093/2012

Lump sum retirement benefit is provided to the majority of employees of the Bank and Greek subsidiaries as per the terms set out below:

In accordance with Greek Law 4046/2012 and Board of Ministers' Decision (6/28/2/2012), from 14/2/2012 onwards, the employment contracts that lapse on attainment of the normal retirement age or based on the particular retirement conditions, are considered as indefinite duration employment contracts and therefore, the provisions for employee's statutory retirement indemnity of Greek Law 2112/1920, are applicable.

On 12/11/2012, the Greek Law 4093/2012 (GG A' 222) decreased the statutory indemnity scale set by Greek Law 2112/1920 in case of employee dismissal or normal retirement. Employees that at 12/11/2012 have more than 16 full years of service to the same employer, are entitled to statutory indemnity for all the years they have until that date. Employees who at 12/11/2012 have less than 17 full years of service to the same employer, the maximum statutory is 12 actual salaries. In both conditions and in case of normal retirement, employees receive 40% of the statutory indemnity scale set by Greek Law 2112/1920 and Greek Law 4093/2012. In case of disability before the normal retirement age or in case of early retirement no indemnity is provided.

For lawyers based on Law 4194/2013 the benefit paid in case of retirement is 40%. In case of voluntary departure for any reason, the benefit paid is: after 28 years of service 100%, after 20 years of service 66.67% and after 15 years of service 50%.

2. Lump Sum Benefit according to Piraeus Bank Collective Agreement

A lump sum benefit is granted to certain employees of Piraeus Bank. The lump sum benefit is payable when the member is eligible for full pension by the social security fund. The lump sum benefit based on pre-defined number of salaries at 100% of the average salary of the last 3 months prior to retirement. No lump sum benefit is paid in case of death, disability or termination before the normal retirement age.

3. Lump Sum Benefit according employee contracts of Former Nat West Bank Employees

A lump sum benefit is granted to certain employees of former Nat West Bank, hired prior to 31/12/1991. The lump sum benefit is payable when the employee is eligible for full pension by the social security fund or in case of death. The lump sum benefit is equal to 100% of the retirement benefit according to Greek Law 2112/1920 and Greek Law 4093/2012.

4. Lump Sum Benefit according to the Agreement of Former Macedonia Thrace Bank Employees

A lump sum benefit is granted to former employees of Macedonia Thrace Bank based on a collective agreement. The lump sum benefit is payable when the member is eligible for full pension from the social security fund.

The lump sum benefit is equal to 100% of the retirement benefit according to Greek Law 2112/1920 and Greek Law 4093/2012.

5. Lump Sum Benefit to former Macedonia Thrace Children's Account

The lump sum benefit is paid to the children of former Macedonia Thrace Bank employees according to a preset formula when the child reaches the age of 25 or earlier under specific prerequisites. In case of death of the child the amount is paid to the parent, in case of departure of the parent from the Bank the amount contributed by the employee and not by the Bank is refunded without interest. If the departure is due to retirement, the plan can be continued and funded by the ex- employee's pension salary, in which case the Bank also continues to pay contributions.

6. Lumps Sum Benefit of Piraeus Bank Bulgaria A.D.

The subsidiary Piraeus Bank Bulgaria A.D. is required to pay a lump sum benefit to its employees based on Bulgarian Labor Law in case of retirement or disability. The amount of indemnity is based on gross monthly salary and multiple which depends on the length of service in the Bank.

7. Lump Sum Benefit according to the Insurance Policy of former Chios Bank, Chase Manhattan Bank and Piraeus Bank employees

Piraeus Bank entered into an insurance contract relating to the former employees of Chios Bank and Chase Manhattan Bank, as well as employees from Piraeus Bank that entered the program prior to August 2012. The benefit was payable upon retirement, death or disability . The lump sum benefit was based on a preset formula. The employees contributed with 1.11% of their salary * 12 months per year. The specific plan was terminated by the Bank as of 31/12/2018 and insured employees under this plan will be covered through a new pension scheme that the Bank is in the process of developing and shall be in force as of 1/1/2019.

8. Pension Annuity According to the Insurance Policy of Former Nat West Bank Employees

Piraeus Bank entered into an insurance contract relating to the former employees of Nat West. The benefit was payable as an annuity only under the prerequisite that the employee was entitled to pension from the National Insurance Scheme, which could be either at 65 years of age for men or 60 years of age for women or less if they had fulfilled the necessary prerequisite of retirement. In case of death prior to retirement the benefit was transferred 60% to the spouse and 20% to the children excluding any actuarial gain. The annuity was paid to the managers and employees based on the respective pre-set formula per level.

In case of disability, the member was entitled to a pension calculated based on pensionable salary at the time of disability and service until the normal retirement age.

The specific plan was terminated by the Bank as of 31/12/2018 and insured employees under this plan will be covered through a new pension scheme that the Bank is in the process of developing and shall be in force as of 1/1/2019.

9. Lump Sum Benefit According to the Insurance Policy of some Key Management Members

Piraeus Bank has entered into an insurance contract regarding the lump sum benefit to be paid to some Executive BOD members, Executive General Managers, General Managers and Deputy General Managers based on a preset formula when the employment is terminated in all cases except for fraud.

10. Lump Sum Benefit and Post-Retirement Benefit according to the Insurance Policy of Former Bank of Cyprus Employees prior to 31/12/2000

The former Bank of Cyprus entered into an insurance contract regarding the lump sum benefit and the post retirement benefit of the former employees of Bank of Cyprus that had an indefinite employment contract prior to 31/12/2000. As the successor of this insurance contract Piraeus Bank continued this insurance contract.

- The lump sum benefit was based on a preset formula and was payable upon retirement in accordance with the National Insurance Scheme. In case of early retirement, the amount was reduced by 5% per annum for the years remaining to the age of 60 and with 6% per annum for years remaining to the age of 55. The lump sum could not exceed a preset number of monthly salaries.
- Post retirement benefit was based on a pre-defined formula that could not exceed:
  - a) the difference between 100% of the average salary and the total amount of pension received from the National Insurance Company and the Auxilliary pension and,
  - b) the difference between 100% of the cap of the National Insurance Company and the total amount of pension (National Insurance Company and the Auxilliary pension) in case that the cap is bigger than the average salary.

The above plan was also valid for former Bank of Cyprus Leasing employees currently employed by Piraeus Leasing.

The specific plan was terminated by the Bank as of 31/12/2018 and insured employees under this plan will be covered through a new pension scheme that the Bank is in the process of developing and shall be in force as of 1/1/2019.

11. Lump Sum Benefit According to the Insurance Policy of Former Bank of Cyprus employees prior to 31/12/2002

The former Bank of Cyprus entered into an insurance contract regarding the lump sum benefit of the former employees of Bank of Cyprus that had an indefinite employment contract between the period 1/1/2001 and 31/12/2002. As the successor of this insurance contract Piraeus Bank continued this insurance contract. The lump sum benefit was based on a preset formula and was payable upon retirement in accordance with the National Insurance Scheme. In case of early retirement, the amount was reduced by 5% per annum for the years remaining to the age of 60 and by 6% per annum for years remaining to the age of 55. The lump sum could not exceed a preset number of monthly salaries. The employee received upon resignation a certificate of the amount to be received upon retirement or before retirement, at the age of 60.

Amounts in million euros (Unless otherwise stated)

The above plan was also valid for former Bank of Cyprus Leasing employees currently employed by Piraeus Leasing.

The specific plan was terminated by the Bank as of 31/12/2018 and insured employees under this plan will be covered through a new pension scheme that the Bank is in the process of developing and shall be in force as of 01/01/2019.

Piraeus Bank and Piraeus Bank Group

The defined benefit obligation is calculated based on actuary studied from independent actuary using the "projected unit credit method", according to which, the charge for pension plans to the Income Statement is allocated over the service lives of the related employees. The defined benefit obligation is determined by the present value of cash outflows using interest rates of high quality corporate bonds, which have terms to maturity approximating the terms of the related liability.

The employees of the Bank are entitled to compensation upon termination of service, based on their service, their salary and their classification group. The Bank supports additional programs that provide defined lump sum benefits based on members service, salary and the classification in various employee groups.

The benefits paid for the years 2018 and 2017, according to the voluntary redundancy schemes are included in the disclosures for the non-funded plans.

Amounts recognised in the balance sheet	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Pension schemes - funded	64	93	64	92
Other post retirement benefits - not funded	129	102	124	95
Total	**192**	**194**	**187**	**188**

The amounts recognised in the Income Statement of the Group and the Bank or led to charge of aggregate provisions are analysed as follows:

	Group		Bank	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Pension schemes - funded	(14)	(1)	(13)	(1)
Other post retirement benefits - not funded	161	39	153	37
Total	**147**	**38**	**140**	**36**

A) Pension schemes - funded

The amounts recognised in the Statement of Financial Position are determined as follows:

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Present value of funded obligations	80	116	80	116
Fair value of plan assets	(16)	(24)	(16)	(24)
Liability in the balance sheet	**64**	**93**	**64**	**92**

In funded plans, the Bank follows the recommendations of the insurance company concerning the amount of contributions.

Amounts in million euros (Unless otherwise stated)

The expected contributions to funded post-employment defined benefit plans for the year 2019, amount to € 2 million. It shall also be noted, that there are no commitments arising from the law concerning the level of funding for post-employment defined benefit plans provided by the Bank.

The movement of the defined benefit obligation is analysed as follows:

	Group		Bank	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Opening balance	116	123	116	123
Current service cost	6	6	6	6
Interest cost	2	2	2	2
Contributions by plan participants	1	1	1	1
Benefits paid from the fund	(23)	(9)	(23)	(9)
Settlement/ Curtailment/ Termination loss/ (gain)	(18)	(5)	(18)	(5)
Past service costs	(3)	(4)	(3)	(4)
Actuarial (gains)/ losses	(0)	2	(0)	2
Closing balance	**80**	**116**	**80**	**116**

The movement of the fair value of plan assets for the Group and the Bank is analysed as follows:

	Group		Bank	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Opening balance	24	28	24	28
Expected return on plan assets	0	0	0	0
Employer contributions	15	1	15	1
Employee contributions	1	1	1	1
Benefits paid from the fund	(23)	(9)	(23)	(9)
Expenses	(0)	(0)	(0)	(0)
Actuarial gains / (losses)	0	2	0	2
Closing balance	**16**	**24**	**16**	**24**
Return on plan assets	**0**	**2**	**0**	**2**

The plan assets are invested as follows:

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Money market	23.4%	24.8%	23.4%	24.8%
Bonds	60.3%	53.6%	60.3%	53.6%
Deposits	16.1%	3.9%	16.1%	3.9%
Shares	0.1%	0.1%	0.1%	0.1%
Mutual funds	0.1%	17.7%	0.1%	17.7%

Amounts in million euros (Unless otherwise stated)

The amounts recognised in the Income Statement for the Group and the Bank or led to charge of aggregate provisions are analysed as follows:

	Group		Bank	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Current service cost	6	6	6	6
Net interest cost	1	1	1	1
Expenses	0	0	0	0
Past service cost recognised	(3)	(4)	(3)	(4)
Settlement/ Curtailment/ Termination loss/ (gain)	(18)	(5)	(18)	(5)
Total	**(14)**	**(1)**	**(13)**	**(1)**

The amounts recognised in equity for the Group and the Bank are analysed as follows:

	Group		Bank	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Liability gain /(loss) due to changes in assumptions	0	(1)	0	(1)
Liability experience gain/ (loss) arising during the year	0	(1)	0	(1)
Experience gain/ (loss) on plan assets arising during the year	0	2	0	2
Total amount recognised in equity	**0**	**0**	**0**	**0**

Based on the above mentioned, the movement in the liability recognised in the Statement of Financial Position for the Group and the Bank is analysed as follows:

	Group		Bank	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Opening balance	93	95	92	95
Total expense recognised in the income statement	(14)	(1)	(13)	(1)
Employer contributions	(15)	(1)	(15)	(1)
Amount recognised in equity	(0)	(0)	(0)	(0)
Closing balance	**64**	**93**	**64**	**92**

B) Other post retirement benefits – not funded

The amounts recognised in the Statement of Financial Position are analysed as follows:

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Present value of unfunded obligations	129	102	124	95
Liability in the balance sheet	**129**	**102**	**124**	**95**

Amounts in million euros (Unless otherwise stated)

The movement in the defined benefit obligation is analysed as follows:

	Group		Bank	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Opening balance	102	101	95	89
Current service cost	7	5	4	5
Interest cost	2	2	2	2
Benefits paid directly by the employer	(129)	(36)	(125)	(34)
Settlement/ Curtailment/ Termination loss/ (gain)	152	32	147	30
Past service cost	0	0	0	0
Actuarial gains / (losses)	0	3	0	3
Transfer of subsidiaries to discontinued operations	(1)	(6)	-	-
Derecognition of subsidiaries	(3)	(0)	-	-
Closing balance	**129**	**102**	**124**	**95**

The amounts recognised in the Income Statement for the Group and the Bank or led to charge of aggregate provisions are analysed as follows:

	Group		Bank	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Current service cost	7	5	4	5
Interest cost	2	2	2	2
Past servise cost recognised	0	0	0	0
Settlement/ Curtailment/ Termination loss/ (gain)	152	32	147	30
Total	**161**	**39**	**153**	**37**

The amounts recognised directly in equity for the Group and the Bank are analyzed as follows:

	Group		Bank	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Liability gain /(loss) due to changes in assumptions	2	(1)	2	(1)
Liability experience gain/ (loss) arising during the year	(2)	(2)	(2)	(2)
Total amount recognised in equity	**(0)**	**(3)**	**(0)**	**(3)**

The movement in the liability recognised in the Statement Financial Position for the Group and the Bank is analysed as follows:

	Group		Bank	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Opening balance	102	101	95	89
Total expense recognised in the income statement	161	39	153	37
Benefits paid by the employer	(129)	(36)	(125)	(34)
Amount recognised in equity	0	3	0	3
Transfer of subsidiaries to discontinued operations and derecognition of subsidiaries	(4)	(6)	-	-
Closing balance	**129**	**102**	**124**	**95**

The expected weighted average duration of the defined benefit obligation is 12.3 years and 11.9 years for the Group and the Bank respectively.

Amounts in million euros (Unless otherwise stated)

The main actuarial assumptions used are as follows:

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Discount rate	1.8%	1.6%	1.8%	1.6%
Price inflation	1.8%	1.8%	1.8%	1.8%
Expected return on plan assets	1.8%	1.6%	1.8%	1.6%
Future increase in salaries	1.8%	1.8%	1.8%	1.8%

According to the revised IAS 19, the rate used to calculate the expected return on plan assets is the discount rate that is used to discount the post-employment benefit obligation.

Sensitivity analysis in defined benefit obligation

The sensitivity analysis in the post-employment defined benefit obligation is as follows:

Main assumptions	Effect in realised defined benefit obligation (Group)			Effect in realised defined benefit obligation (Bank)		
	Change in the assumptions	Increase	Decrease	Change in the assumptions	Increase	Decrease
Discount rate	+/-0,50%	-3.8%	4.2%	+/-0,50%	-3.7%	4.1%
Pay increase	+/-0,50%	3.9%	-3.6%	+/-0,50%	3.9%	-3.5%
Voluntary withdrawal rate	increase/ decrease by 50%	-2.7%	2.3%	increase/ decrease by 50%	-2.8%	2.3%

The aforementioned sensitivity analysis is based on changing each assumption, while keeping the other assumptions unchanged. However, in an economic environment assumptions do not change independently and are usually affected at the same time. The method adopted for the sensitivity analysis is the one used for the determination of the defined benefit obligation in the Statement of Financial Position. The final cost of defined benefit plans depends on the actual future experience relating to the actual pay increases as well as other factors that affect the cost, like the mobility of the employees and the recruitment.

Defined Contribution Plans

Total contributions to social security funds, state run plans and defined contribution plans for 2018 for the Group and the Bank amounted to € 97 million and € 93 million respectively (2017: € 107 million for the Group and € 101 million for the Bank).

Below is a summary of the defined contribution plans of the Group:

1) Piraeus Bank and Domestic Subsidiaries State Pension Plan

The Bank's main post retirement pension plan is a defined contribution plan that is run by the State sponsored social security fund IKA-ETAM. Contribution by the employer and employee to the State post retirement pension plan is defined in the law and amounts to 20.51% and 13.45% respectively, of the employees' salaries with a cap.

2) Piraeus Bank State Health Plans

Defined contribution to the State Health Plan amounts to 6% of the employees' salary. Employees' contribution amount to 3% of their salary. Additional contributions are paid for insured members of the employees' families (such as spouse that does not work and children), and are increased further in the event that the insured spouse is employed or that members of the paternal family are also insured. Contribution of retired employees amount to a percentage of their pension, while additional contributions are paid for other insured members of their families. The State Health Plan offers health benefits to employees before and after their retirement, and to insured family members.

3) Piraeus Bank Private Pension Plan

In addition, five defined-contribution pension plans were offered to employees of the Bank in collaboration with three Insurance Companies. According to the provisions of the contracts, the employee received upon resignation an amount equal either to the total or to a pre-defined percentage of the whole amount raised during his/her participation in the program, depending on the number of years of participation, with the exception of one plan, according to which the employee received upon resignation a certificate of the amount to be received upon retirement. Two of the plans required fixed contributions by both the employer and the employees, the other two required contributions by the Bank while the fifth one, required only employees' contributions. The specific plan was terminated by the Bank as of 31/12/2018 and insured employees under this plan will be covered through a new pension scheme that the Bank is in the process of developing and shall be in force as of 1/1/2019.

4) Group Child Savings Private Defined Contribution Plans

The Bank offers three defined-contribution plans to its employees in respect of its children, according to the Bank of origin. The three plans have the same terms and requirements.

The total amount raised during period of insurance (i.e. employee's and Bank's contributions, as well as interest) is paid in the form of a lump sum either to the child in case certain prerequisites are fulfilled, such as child's marriage, employment, 25th year of age and death of employee-parent or to the employee-parent in cases such as departure from the Bank due to retirement, participation in voluntary exit scheme, permanent or total disability and death of the insured child. In case of employee's resignation, the employee receives his/her contributions including interest.

5) Piraeus Bank Private Insurance Health Plan

In addition, the Bank offers to its employees and their families (spouse and children with specific age limits respectively) a Life & Health Care Insurance Plan. It includes employee's life insurance, reimbursement in case of employee's permanent and total disability due to accident or serious illness, employee's and/or dependent's hospital care and outpatient care, surgery / hospitalisation allowance, maternity allowance and check-up. The Bank pays monthly premiums to the insurance company which are fixed for the benefit of health of employee and relatives and a percentage of salary for the benefits of life and disability insurance. In case of insurance in the plan of a spouse or child that is not insured for social health insurance under the employee, the insurance covers the benefits of hospital and outpatient care and the employee pays a monthly fixed amount per insured person which is deducted from the monthly salary.

6) Defined Contribution Pension Plans of Greek Subsidiaries

Piraeus Leasing S.A., ETVA Industrial Parks S.A. and Piraeus Insurance Agency S.A. offer employees group pension plans. According to the provisions of the contracts, the employee receives an amount equal to the total of the amount raised during his/her participation in the program, depending on the number of years of participation. They also require monthly contributions by both the employer and the employees, as a percentage of the monthly gross salary.

7) Defined Contribution Pension Plans of Foreign Branches and Subsidiaries

For London Branch of Piraeus Bank each employee signs an individual contract according to which the employer contributes a percentage of salary to their personal defined-contribution pension plan. The contribution percentage varies per individual contract and contributions are paid on a monthly basis. The employee has a number of options on how to use the accumulated pension fund either as a lump sum or an annuity must be purchased but some of the fund may be drawn as a lump sum. According to the provisions of the contracts, the employee must be of retirement age in order to be able to receive the pension fund, which varies depending on birth date, but retirement is not mandatory.

For two Cypriot subsidiaries, Philoktimatiki Public Ltd and Philoktimatiki Ergoliptiki Ltd, the employer and employees pay contributions to the State Social Insurance Fund calculated on the basis of the employees' salaries. Additionally, these subsidiaries operate a defined contribution plan, the assets of which are held in a separate fund managed by a Committee. The plan is funded by payments made by the subsidiaries and the employees.

8) Child Savings Private Defined Contribution Plans of Greek Subsidiaries

Piraeus Insurance Agency S.A. offers defined-contribution plans to their employees children, which have the same terms and requirements.

The total amount raised during period of insurance (i.e. employee’s and Bank’s contributions, as well as interest) is paid in the form of a lump sum either to the child in case certain prerequisites are fulfilled, such as child’s marriage, employment, 25th year of age and death of employee-parent or to the employee-parent in cases such as departure from the Bank due to retirement, resignation, participation in voluntary exit scheme, permanent or total disability and death of the insured child.

9) Private Health Plans of Greek Subsidiaries

Piraeus Leasing S.A., Piraeus Financial Leases S.A., ETVA Industrial Parks S.A., Piraeus Real Estate S.A., Piraeus Insurance Agency S.A., Piraeus Direct Solutions S.A., Piraeus Factoring S.A., Piraeus Securities S.A., Piraeus Asset Management S.A., Piraeus Capital Management S.A., Piraeus Jeremy Technology Catalyst Management S.A. and Piraeus Bank Group Cultural Foundation, offer employees group health plans, which include employee’s life insurance, reimbursement in case of employee’s permanent and total disability due to accident or serious illness, employee’s and/or dependent’s hospital care and outpatient care, surgery/hospitalisation allowance and maternity allowance. The Subsidiaries pay monthly or annual premiums to the insurance companies. For coverage for hospital and outpatient care of a spouse or child in the plan, in the cases of Piraeus Leasing S.A., Piraeus Financial Leases S.A, Piraeus Insurance Agency S.A., Piraeus Factoring S.A., Piraeus Securities S.A., Piraeus Asset Management S.A. and Piraeus Bank Group Cultural Foundation the premiums are also paid by the Subsidiaries. In the case of ETVA Industrial Parks S.A. and Piraeus Real Estate S.A. the employee pays monthly premiums per insured person which are deducted from the monthly salary. For, Piraeus Direct Solutions S.A., Piraeus Capital Management S.A. and Piraeus Jeremy Technology Catalyst Management S.A in case of insurance in the plan of a spouse or child that is not insured for social health insurance under the employee, the employee pays a monthly fixed amount per insured person which is deducted from the monthly salary.

10) Private Health Plans of Foreign Branches and Subsidiaries

The London Branch of Piraeus Bank offers employees group health plan, which includes employee’s life insurance, reimbursement in case of employee’s permanent and total disability due to accident or serious illness, employee’s and/or dependent’s hospital care and outpatient care. Premiums are paid by the Bank on an annual basis. Employees have the possibility to insure relatives under specific criteria, in the program with the same benefits for the coverage of hospital and outpatient care, for whom the premium is paid by the Bank.

Tirana Bank I.B.C S.A. offers employees group health plan, which includes employee's life insurance, reimbursement in case of employee's permanent and total disability due to accident or serious illness, employee's and/or dependent's hospital care and outpatient care. Premiums are paid by the Bank on an annual basis with monthly reconciliation. Employees have the possibility to insure relatives (spouse or children) who fulfill specific criteria for the coverage of hospital and outpatient care in the program, by paying the relevant premium.

Piraeus Bank Bulgaria A.D., Piraeus Insurance Brokerage EOOD and Varna Asset Management EOOD offer employees group health plan for hospital and outpatient care. Premiums are paid monthly. The employee pays the premium for insuring family (children, spouse and parents).

JSC Piraeus Bank ICB, Solum Enterprise LLC and Akinita Ukraine LLC in Ukraine offer employees group health plans for hospital and outpatient care. Premiums are paid per quarter.

Piraeus Real Estate Consultants SRL and Piraeus Leasing Romania IFN S.A. offer a check-up (on an annual basis or more frequently under specific circumstances e.g. long-term leave of employee due to illness) only to employees, not provided on the basis of an insurance contract.

Philoktimatiki Public Ltd & Philoktimatiki Ergoliptiki Ltd in Cyprus offer employees group health plan, which includes employee's life insurance, reimbursement in case of employee's permanent and total disability due to accident or serious illness, employee's and/or dependent's hospital care and outpatient care. Premiums are paid monthly by both the employees and the Subsidiaries.

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

43.1 Legal proceedings

The Group and the Bank are defendants in certain claims and legal actions deriving from the ordinary course of business. For the cases for which a provision has not been recognised, Management is currently unable to estimate the possible losses as:

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

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

However, based on Management's judgement and after consultation with the Group's and the Bank's Legal Counsels Department, the ultimate disposition of these matters is not expected to have a material adverse effect on the Statement of Financial Position, Income Statement and Cash Flow Statement of the Group and the Bank. As at 31/12/2018, Management estimated provision for cases under litigation for which a reliable estimation could be made for the Group and the Bank amounting to € 35 million and € 28 million respectively (31/12/2017: € 32 million and € 26 million respectively).

43.2 Pending tax audits

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

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

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

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

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

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

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

The unaudited tax years of the Group's subsidiaries, associates and joint ventures, are included in Note 29 of the Annual Financial Statements and therefore their tax liabilities for these years have not been finalized.

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

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

43.3 Credit commitments

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

Amounts in million euros (Unless otherwise stated)

As at 31/12/2018 the Group and the Bank had undertaken the following credit commitments:

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Financial guarantees	2,788	2,770	3,012	2,939
Letters of credit	33	37	32	34
Irrevocable undrawn credit commitments	469	500	513	354
Total commitments	**3,290**	**3,307**	**3,556**	**3,328**

Irrevocable undrawn committed credit facilities as at 31/12/2018 are included in the Risk Weighted Assets calculation for capital adequacy purposes under regulatory rules currently in force. It should be noted, that ECL allowance is measured for Letters of guarantee, Letters of credit and Irrevocable undrawn credit commitments.

Group	Financial guarantees - Internal rating grade						
31/12/2018	Stage 1	Stage 2	Stage 3	POCI	Total	ECL Allowance	Balance
Strong	2,115	-	-	-	2,115	5	2,109
Recommended	274	0	-	-	274	6	267
Substandard	-	75	-	-	75	3	72
Default	-	-	325	-	325	105	220
Total	**2,388**	**75**	**325**	**0**	**2,788**	**119**	**2,669**

Amounts in million euros (Unless otherwise stated)

Group	Financial guarantees - Movement in nominal amount				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount as at 31/12/2017	2,262	186	321	-	**2,770**
Re-classification for IFRS 9 FTA impact	-	-	-	-	**0**
Gross carrying amount as at 1/1/2018	**2,262**	**186**	**321**	**-**	**2,770**
New off balance sheet items originated or purchased	1,270	6	66	-	**1,342**
Off balance sheet items repaid / matured	(1,100)	(107)	(86)	-	**(1,293)**
Transfer to Discontinued Operations	(28)	(3)	(1)	-	**(32)**
Off balance sheet items derecognized (excluding write offs)	-	(0)	-	-	**(0)**
Transferred from Stage 1 to Stage 2	(32)	32	-	-	**0**
Transferred from Stage 1 to Stage 3	(16)	-	16	-	**0**
Transferred from Stage 2 to Stage 1	25	(25)	-	-	**0**
Transferred from Stage 2 to Stage 3	-	(15)	15	-	**0**
Transferred from Stage 3 to Stage 1	6	-	(6)	-	**0**
Transferred from Stage 3 to Stage 2	-	2	(2)	-	**0**
Foreign exchange adjustments	0	0	-	-	**0**
Other	0	(1)	1	-	**(0)**
At 31/12/2018	**2,388**	**75**	**325**	**0**	**2,788**

Group	Financial guarantees - Movement in ECL allowance				
	Stage 1	Stage 2	Stage 3	POCI	Total
Accumulated allowances for impairment at 31/12/2017	-	-	-	-	**0**
Re-measurement for IFRS 9 FTA impact	14	8	114	-	**136**
ECL allowance as at 1/1/2018	**14**	**8**	**114**	**-**	**136**
Transfer to Discontinued Operations	(0)	(0)	-	-	**(0)**
Transferred from Stage 1 to Stage 2	(1)	1	-	-	**0**
Transferred from Stage 1 to Stage 3	(5)	-	5	-	**0**
Transferred from Stage 2 to Stage 1	0	(0)	-	-	**0**
Transferred from Stage 2 to Stage 3	-	(3)	3	-	**0**
Transferred from Stage 3 to Stage 1	0	-	(0)	-	**0**
Transferred from Stage 3 to Stage 2	-	0	(0)	-	**0**
ECL Impairment charge for the year (P&L)	3	(3)	(18)	-	**(18)**
FX differences	0	0	1	-	**1**
Other movements	0	0	(0)	-	0
At 31/12/2018	**12**	**3**	**105**	**0**	**119**

Amounts in million euros (Unless otherwise stated)

Bank	Financial guarantees - Internal rating grade						
31/12/2018	Stage 1	Stage 2	Stage 3	POCI	Total	ECL Allowance	Balance
Strong	2,248	-	-	-	2,248	5	2,243
Recommended	364	-	-	-	364	7	357
Substandard	-	75	-	-	75	3	72
Default	-	-	325	-	325	105	220
Total	**2,612**	**75**	**325**	**0**	**3,012**	**120**	**2,892**

Bank	Financial guarantees - Movement in nominal amount				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount as at 31/12/2017	2,435	183	322	-	**2,939**
Re-classification for IFRS 9 FTA impact	-	-	-	-	**0**
Gross carrying amount as at 1/1/2018	**2,435**	**183**	**322**	**-**	**2,939**
New off balance sheet items originated or purchased	1,295	6	66	-	**1,367**
Off balance sheet items repaid/ matured	(1,101)	(107)	(86)	-	**(1,294)**
Transferred from Stage 1 to Stage 2	(31)	31	-	-	**0**
Transferred from Stage 1 to Stage 3	(16)	-	16	-	**0**
Transferred from Stage 2 to Stage 1	25	(25)	-	-	**0**
Transferred from Stage 2 to Stage 3	-	(15)	15	-	**0**
Transferred from Stage 3 to Stage 1	7	-	(7)	-	**0**
Transferred from Stage 3 to Stage 2	-	2	(2)	-	**0**
At 31/12/2018	**2,612**	**75**	**325**	**0**	**3,012**

Bank	Financial Guarantees - Movement in ECL allowances				
	Stage 1	Stage 2	Stage 3	POCI	Total
Accumulated allowances for impairment at 31/12/2017	-	-	-	-	**0**
Re-measurement for IFRS 9 FTA impact	14	8	114	-	**136**
ECL allowance as at 1/1/2018	**14**	**8**	**114**	**-**	**136**
Transferred from Stage 1 to Stage 2	(1)	1	-	-	**0**
Transferred from Stage 1 to Stage 3	(5)	-	5	-	**0**
Transferred from Stage 2 to Stage 1	0	(0)	-	-	**0**
Transferred from Stage 2 to Stage 3	-	(3)	3	-	**0**
Transferred from Stage 3 to Stage 1	0	-	(0)	-	**0**
Transferred from Stage 3 to Stage 2	-	0	(0)	-	**0**
ECL Impairment charge for the year (P&L)	3	(3)	(18)	-	**(17)**
FX differences	0	0	1	-	1
At 31/12/2018	**13**	**3**	**105**	**0**	**120**

Amounts in million euros (Unless otherwise stated)

Group	Letter of credit - Internal rating grade						
31/12/2018	Stage 1	Stage 2	Stage 3	POCI	Total	ECL Allowance	Balance
Strong	29	-	-	-	29	0	28
Recommended	3	-	-	-	3	0	3
Substandard	-	0	-	-	0	0	0
Default	-	-	2	-	2	0	2
Total	**31**	**0**	**2**	**0**	**33**	**0**	**33**

Group	Letters of credit - Movement in nominal amount				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount as at 31/12/2017	26	1	10	-	**37**
Re-classification for IFRS 9 FTA impact	-	-	-	-	**0**
Gross carrying amount as at 1/1/2018	**26**	**1**	**10**	**-**	**37**
New off balance sheet items originated or purchased	13	0	2	-	**15**
Transfer to Discontinued Operations	(3)	-	-	-	**(3)**
Off balance sheet items repaid/ matured	(5)	(1)	(10)	-	**(16)**
Foreign exchange adjustments	0	-	-	-	**0**
Other	(0)	-	-	-	**(0)**
At 31/12/2018	**31**	**0**	**2**	**0**	**33**

Group	Letters of credit - Movement in ECL allowance				
	Stage 1	Stage 2	Stage 3	POCI	Total
Accumulated allowances for impairment at 31/12/2017	-	-	-	-	**0**
Re-measurement for IFRS 9 FTA impact	0	0	1	-	**2**
ECL allowance as at 1/1/2018	**0**	**0**	**1**	**-**	**2**
Transferred from Stage 1 to Stage 2	(0)	-	-	-	**(0)**
Reversal of ECL allowances no longer required (P&L)	0	-	-	-	**0**
Recoveries of amounts previously written-off (P&L)	0	(0)	(1)	-	(1)
Write-off of ECL allowance	-	-	-	-	0
At 31/12/2018	**0**	**0**	**0**	**0**	**0**

Bank	Letters of credit - Internal rating grade						
31/12/2018	Stage 1	Stage 2	Stage 3	POCI	Total	ECL Allowance	Balance
Strong	27	-	-	-	27	0	27
Recommended	3	-	-	-	3	0	3
Substandard	-	0	-	-	0	0	0
Default	-	-	2	-	2	0	2
Total	**30**	**0**	**2**	**0**	**32**	**0**	**32**

Amounts in million euros (Unless otherwise stated)

Bank	Letters of Credit - Movement in nominal amount				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount as at 31/12/2017	23	1	10	-	**34**
Re-classification for IFRS 9 FTA impact	-	-	-	-	**0**
Gross carrying amount as at 1/1/2018	**23**	**1**	**10**	**-**	**34**
New off balance sheet items originated or purchased	11	0	2	-	**13**
Off balance sheet items repaid/ matured	(5)	(1)	(10)	-	**(16)**
At 31/12/2018	**30**	**0**	**2**	**0**	**32**

Bank	Letters of credit - Movement in ECL allowance				
	Stage 1	Stage 2	Stage 3	POCI	Total
Accumulated allowances for impairment at 31/12/2017	-	-	-	-	**0**
Re-measurement for IFRS 9 FTA impact	0	0	1	-	**2**
ECL allowance as at 1/1/2018	**0**	**0**	**1**	**-**	**2**
Reversal of ECL allowances no longer required (P&L)	-	-	-	-	**0**
ECL Impairment charge for the year (P&L)	0	(0)	(1)	-	**(1)**
FX differences	0	0	0	-	**0**
At 31/12/2018	**0**	**0**	**0**	**0**	**0**

Group	Irrevocable Undrawn Credit Commitments - Internal rating grade						
31/12/2018	Stage 1	Stage 2	Stage 3	POCI	Total	ECL Allowance	Balance
Strong	327	-	-	-	**327**	5	322
Recommended	64	-	-	-	**64**	2	62
Substandard	0	63	-	7	**69**	5	65
Default	0	-	5	3	**9**	0	9
Total	**391**	**63**	**5**	**10**	**469**	**12**	**457**

Amounts in million euros (Unless otherwise stated)

Group	Irrevocable Undrawn Credit Commitments - Movement in ECL allowances				
	Stage 1	Stage 2	Stage 3	POCI	Total
Accumulated allowance for impairment as at 31/12/2017	-	-	-	-	**0**
Re-measurement for IFRS 9 FTA impact	5	10	0	1	**16**
ECL allowance as at 1/1/2018	**5**	**10**	**0**	**1**	**16**
Transferred from Stage 1 to Stage 2	(1)	1	-	-	**0**
Transferred from Stage 1 to Stage 3	-	-	-	-	**0**
Transferred from Stage 2 to Stage 1	0	(0)	-	-	**0**
Charge for new off balance sheet items originated or purchased (P&L)	0	0	0	-	**0**
Reversal of ECL allowances no longer required (P&L)	(0)	(0)	(0)	-	**(0)**
ECL Impairment charge for the year (P&L)	3	(5)	-	(1)	**(3)**
FX differences	(1)	(1)	0	(0)	**(2)**
At 31/12/2018	**7**	**4**	**0**	**0**	**12**

Bank	Irrevocable Undrawn Credit Commitments - Internal rating grade						
31/12/2018	Stage 1	Stage 2	Stage 3	POCI	Total	ECL Allowance	Balance
Strong	370	-	-	-	370	5	365
Recommended	64	-	-	-	64	2	62
Substandard	-	63	-	7	69	5	65
Default	-	-	5	3	9	-	9
Total	**434**	**63**	**5**	**10**	**513**	**12**	**501**

Bank	Irrevocable Undrawn Credit Commitments - Movement in ECL allowances				
	Stage 1	Stage 2	Stage 3	POCI	Total
Accumulated allowances for impairment as at 31/12/2017	-	-	-	-	**0**
Re-measurement for IFRS 9 FTA impact	5	10	-	1	**16**
ECL allowance as at 1/1/2018	**5**	**10**	**-**	**1**	**16**
Transferred from Stage 1 to Stage 2	(1)	1	-	-	**0**
Transferred from Stage 1 to Stage 3	-	-	-	-	**0**
Transferred from Stage 2 to Stage 1	0	(0)	-	-	**0**
ECL Impairment charge for the year (P&L)	3	(5)	-	(1)	**(3)**
FX differences	(1)	(1)	-	(0)	**(2)**
At 31/12/2018	**7**	**4**	**0**	**0**	**12**

Amounts in million euros (Unless otherwise stated)

43.4 Assets pledged

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Cash and balances with Central Bank	-	1	-	-
Loans and advances to credit institutions	646	735	646	731
Financial assets at fair value through profit or loss	-	1,473	-	1,473
Loans and advances to customers	1,841	27,220	1,841	27,220
Investment securities	-	1,465	-	1,463
Financial assets at fair value through other comprehensive income	39	-	39	-
Debt securities at amortised cost	5	-	5	-
Other assets	29	22	29	22
	2,560	**30,916**	**2,560**	**30,909**

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

In the context of the interbank repurchase agreement (repo) transactions, securities of a total nominal value of € 2,178 million and € 2,368 for the Group and Bank respectively (31/12/2017: € 2,139 million and € 2,339 million respectively) are used for liquidity purposes. The above total includes, Greek government securities of nominal value € 1,204 million and € 1,394 million for the Group and the Bank respectively (31/12/2017: € 68 million and € 268 million respectively) and own issue debt securities of nominal value € 622 million for both the Group and the Bank (31/12/2017: € 2,071 million for both the Group and the Bank).

On 31/12/2018, further to the above assets pledged, both the Group the and the Bank have blocked financial assets amounting to € 168 million, which are included in line “Loans and advances to credit institutions” in the context of guarantee against the default of the Greek State.

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

The 2017 figures have been revised to be comparable with 2018.

Amounts in million euros (Unless otherwise stated)

43.5 Operating lease commitments

The future minimum lease payments under non-cancellable operating leases for the Group and the Bank are analysed as follows.

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Up to 1 year	26	33	31	35
From 1 to 5 years	65	92	89	114
More than 5 years	41	58	68	92
	132	**183**	**188**	**240**

The 2017 figures have been revised to be comparable with 2018.

44 Share capital and contingent convertible securities

	Bank					Group
	Share Capital	Share Premium	Contingent convertible securities	Total	Treasury Shares	Total
Opening balance at 1/1/2017	**2,620**	**13,075**	**2,040**	**17,735**	**(1)**	**17,734**
Purchases/ sales of treasury shares	-	-	-	0	0	0
Balance at 31/12/2017	**2,620**	**13,075**	**2,040**	**17,735**	**(1)**	**17,734**
Opening balance at 1/1/2018	**2,620**	**13,075**	**2,040**	**17,735**	**(1)**	**17,734**
Purchases/ sales of treasury shares	-	-	-	0	0	0
Balance at 31/12/2018	**2,620**	**13,075**	**2,040**	**17,735**	**(1)**	**17,734**

	Number of shares		
	Bank		Group
	Issued shares	Treasury shares	Net number of shares
Opening balance at 1/1/2017	**8,733,183,280**	**(4,084,853)**	**8,729,098,427**
Adjustment (decrease) in the number of ordinary shares due to reverse split (20:1)	(8,296,524,116)	3,880,610	(8,292,643,506)
Adjusted opening balance at 1/1/2017	**436,659,164**	**(204,243)**	**436,454,921**
Purchases of treasury shares	-	(4,376,552)	(4,376,552)
Sales of treasury shares	-	4,389,126	4,389,126
Balance at 31/12/2017	**436,659,164**	**(191,669)**	**436,467,495**
Opening balance at 1/1/2018	**436,659,164**	**(191,669)**	**436,467,495**
Purchases of treasury shares	-	(4,707,405)	(4,707,405)
Sales of treasury shares	-	4,530,947	4,530,947
Balance at 31/12/2018	**436,659,164**	**(368,127)**	**436,291,037**

The Bank's share capital as at 31/12/2018 and 31/12/2017 amounted to € 2,619,954,984 divided into 436,659,164 ordinary registered shares with a nominal value of € 6.00 each.

In addition, the contingent convertible securities of the Bank that were issued in the context of the share capital increase completed in December 2015 and were covered exclusively by the HFSF with bonds issued by the ESM, on 31/12/2018 and 31/12/2017 corresponded to the amount of € 2,040 million.

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

- If the CET1 ratio of the Bank, calculated on a separate or a consolidated basis falls below 7%, the contingent convertible bonds will be mandatorily converted into ordinary shares and the number of ordinary shares to be issued to each holder shall be determined by dividing 116% of the initial nominal amount of the outstanding contingent convertible bonds held, by the conversion price.
- The contingent convertible bonds are interest bearing with an annual rate of 8%, payable annually on an accrual basis. Interest Payments (whether in whole or in part) are left to the discretion of the Bank's Board of Directors. Any interest which is so cancelled shall not accumulate or be payable at any future time. The cancellation of interest does not constitute a default in payment or otherwise under the terms of the Bonds. In case the Bank does not make any of the scheduled interest payments in full on the relevant interest payment date, no dividend shall be paid on ordinary shares until the Bank resumes payment of interest.
- The contingent convertible bonds are mandatorily converted into ordinary shares, if interest payments are not paid by the Bank in whole or partially in two interest payment dates (not necessarily consecutive), excluding for this purpose any interest satisfied through the issuance of common shares in lieu of payment in cash.
- The contingent convertible bonds do not have a fixed repayment date.

On 31/12/2018, contingent convertible bonds form part of the Bank's equity, as all the relevant criteria in the provisions of IAS 32 "Financial Instruments: Presentation" are met.

2/1/2018 was the last day for the exercise of Piraeus Bank Titles Representing Share Ownership Rights ("Warrants"). Following the settlement of the Warrant exercise orders including the fractional shares, a total of 7,136 Warrants on shares issued by the Bank and owned by the HFSF were exercised, resulting in 15 new common shares, corresponding to 0.0000034% of the total shares outstanding, increasing commensurately the Bank's free float. The 843,629,886 Warrants that had not been exercised by that date, automatically expired and were cancelled by the HFSF after the exercise orders settlement date, on 5/1/2018.

Finally, pursuant to par. 1, art. 16C of Law 3864/2010, the acquisition of treasury shares by the Bank is not permitted, without the approval of the HFSF, for as long as the HFSF is a shareholder of the Bank. The purchases and sales of treasury shares during 2017 and 2018, as well as the treasury shares owned as at 31/12/2018 and 31/12/2017, are related to transactions that are carried out by the Group's subsidiary Piraeus Securities S.A. through its activities which are derived from its role as a market maker.

Amounts in million euros (Unless otherwise stated)

45 Other reserves and retained earnings

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Legal reserve	108	112	69	69
Extraordinary reserve	0	14	-	-
Available for sale reserve	-	79	-	90
Reserve from financial assets measured at FVTOCI	97	-	93	-
Currency translation reserve	(59)	(208)	-	-
Other reserves	36	42	27	27
Reserve of defined benefit obligations	(27)	(27)	(27)	(27)
Total other reserves	**155**	**11**	**163**	**160**
Retained earnings	**(10,499)**	**(8,327)**	**(10,343)**	**(8,468)**

Legal reserve: Pursuant to the article 24 of the Bank's Articles of Association, as in force, at least 5% is deducted from the net profit for the period for the formation of the legal reserve. The deduction for the formation of the legal reserve ceases to be mandatory when it reaches 1/2 of the paid share capital.

According to the article 44 of Codified Law 2190/1920, as in force, this reserve can only be used to offset any debit balance in "Retained earnings".

Extraordinary reserve: “Extraordinary reserve” is formed on the basis of a provision of the Bank’s Articles of Association or by a decision of the General Assembly of the shareholders and can be used for any purpose.

Other reserves: “Other reserves” include reserves of different origins and specific provisions of the law and have a specific purpose and goal.

The table below shows the movement in “Total Other Reserves”.

	Group		Bank	
Other reserves movement	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Opening balance	11	(66)	160	75
IFRS 9 Transition impact on reserves	40	-	26	-
Adjusted Opening balance	**51**	**(66)**	**186**	**75**
Change in available for sale reserve	-	87	-	86
Change in reserve from financial assets measured at FVTOCI	(22)	-	(23)	-
Transfers between other reserves and retained earnings	(15)	(4)	-	-
Disposals	(8)	-	-	-
Change in reserve of defined benefit obligations	0	(2)	0	(2)
Change in currency translation reserve	149	(4)	-	-
Closing balance	**155**	**11**	**163**	**160**

Change in currency translation reserve includes the transfer of a loss of € 139 million to the Income Statement in 2018. Relevant information is provided in Note 15.

Amounts in million euros (Unless otherwise stated)

The table below shows the movement in the AFS reserve for the year 2017.

Available for sale reserve movement	Group	Bank
	31/12/2017	31/12/2017
Opening balance	(8)	4
Gains/(losses) from the valuation of bonds and Greek Government Treasury Bills	157	156
Gains/(losses) from the valuation of shares and mutual funds	(4)	(6)
Recycling to income statement of shares and mutual funds impairment	2	2
Recycling of the accumulated fair value adjustment of disposed securities	(33)	(30)
Deferred income taxes	(35)	(35)
Foreign exchange differences and adjustments	0	-
Closing balance	**79**	**90**

Upon transition to the IFRS9, the AFS reserve has been reclassified to the FVTOCI reserve and the Retained Earnings, hence there are no comparable amounts for the year 2018.

The table shows the movement in FVTOCI for the year 2018.

Fair value through other comprehensive income reserve movement	Group	Bank
	31/12/2018	31/12/2018
Opening balance	-	-
Reclassification/Remeasurement due to transition to IFRS 9	92	90
Recognition of ECL allowance under IFRS 9	27	27
Adjusted Opening balance	**119**	**116**
Gains/(losses) from the valuation of bonds	(26)	(26)
Gains/(losses) from the valuation of shares	(10)	(10)
Impairment losses/ (releases) on bonds	(5)	(6)
Recycling of the valuation of securities disposed	15	15
Deferred income taxes	5	4
Foreign exchange differences and adjustments	0	-
Closing balance	**97**	**93**

Amounts in million euros (Unless otherwise stated)

	Group		Bank	
Retained earnings movement	**31/12/2018**	**31/12/2017**	**31/12/2018**	**31/12/2017**
Opening balance	(8,327)	(8,004)	(8,468)	(8,353)
IFRS 9 Transition impact on retained earnings	(1,981)		(1,894)	
Adjusted Opening balance	**(10,308)**	**(8,004)**	**(10,362)**	**(8,353)**
Profit/ (loss) for the year after tax attributable to the shareholders of the parent entity	(158)	(200)	51	3
Profit/ (loss) from sales of treasury shares	(1)	(0)	-	-
Payment to the holders of contingent convertible securities (net of tax)	-	(117)	-	(117)
Recycling of the accumulated reserve from financial assets measured at FVTOCI	(32)		(32)	
Transfer between other reserves and retained earnings	11	4	-	-
Disposals and movement in participating interest	(11)	(9)	-	-
Closing balance	**(10,499)**	**(8,327)**	**(10,343)**	**(8,468)**

46 Dividend per share

According to article 10, par. 3 of Greek Law 3864/2010 for the "Establishment of the Hellenic Financial Stability Fund", as in force (which refers to article 1, par. 3 of Greek Law 3723/2008) banks, are not allowed to distribute dividends higher than the minimum percentage set by the provisions of article 3 par. 1, of Compulsory Law 148/1967 as valid, for the period they participate in the capital support programs as described by the aforementioned Law.

Moreover, representatives of the HFSF who participate in the Banks' Board of Directors, have the right to veto on any decision related to the distribution of dividends.

Additional restrictions to the distribution of dividend were enacted from the provisions of the Cabinet Act 36/2015, issued under Greek Law 3864/2010, as in force, according to which dividend's distribution is not allowed in case that the Bank does not pay in full, on the relevant interest payment date, any scheduled interest payments on the contingent convertible securities, which were issued in the context of the Bank's recapitalisation.

On 28/11/2018, Piraeus Bank's Board of Directors considering also the Bank's strategy to safeguard capital and build up further buffers for capital requirement levels as described in Note 4.15, of the 2017 Annual Financial Statements as of 31/12/2017, exercised its discretion, explicitly provided under the terms of the Contingent Convertible Bond Issuance Programme ("CoCos Programme"), to cancel the forthcoming interest payment. It is further noted that, such a non-payment results in cancellation of the respective amount, which under the CoCos Programme, is no longer considered as due and payable.

It is noted that within the framework of the Single Supervisory Mechanism ("SSM") and according to the Regulation (EU) No 1024/2013, credit institutions are subject to the provisions of the ECB Recommendation (ECB/2017/44) on dividend distribution policies during the year 2018 for the fiscal year 2017 and the respective provisions of the Executive Committee Act No 132/6.2.2018 of the Bank of Greece on dividend distribution policies during the year 2018 for the fiscal year 2017, in the context of the aim of strengthening the safety and soundness of the euro – area banking system, as well as to the respective provisions of the Regulation (EU) No 575/2013 and those of the Directive 2013/36/EU, transposed in the national legislation order by the Greek Law 4261/2014.

Amounts in million euros (Unless otherwise stated)

Furthermore, according to the relevant decision of ECB (ECB/SSM SREP) for establishing prudential requirements dated 8/2/2019, the Bank is required to obtain the approval of the ECB prior to making any distribution to its shareholders and any distribution to holders of Additional Tier 1 instruments, where non-payment does not constitute an event of default.

Piraeus Bank S.A. is required to obtain the approval of the ECB prior to making any repayment of contingent convertible securities acquired under Greek Law 3864/2010 and prior to making any payment to such securities holders, in cash or by issuing common shares, where non-payment does not constitute an event of default.

Based on the above, the Annual General Meeting of Shareholders which took place on 29/6/2018, decided the non – distribution of dividends for the fiscal year 2017.

With reference to all the above mentioned reasons, the Board of Directors of the Bank will propose the non – distribution of dividends for the fiscal year 2018 in the Annual General Meeting of Shareholders of 2019.

47 Cash and cash equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents comprise the following outstanding balances as at 31/12/2018 and 31/12/2017 with less than 90 days maturity from the date of their initial recognition.

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Cash and balances with Central Banks (Note 20)	2,570	952	2,548	798
Loans and advances to credit institutions (Note 21)	399	1,378	273	1,057
Financial assets at fair value through profit or loss (Note 23)	1	1,465	1	1,465
Financial assets at fair value through other comprehensive income (Note 27)	132	-	132	-
Securities of available for sale portfolio (Note 27)	-	159	-	159
	3,102	**3,954**	**2,954**	**3,479**

Cash and cash equivalents of discontinued operations as at 31/12/2018 amounted to € 249 million (31/12/2017: € 233 million).

48 Related parties transactions

Related parties include:

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

b) Close family members of the Board of Directors members and Key Management Personnel,

c) Companies having transactions with Piraeus Bank, if the total cumulative participating interest (of members of Board of Directors, key management personnel and their close family members) exceeds cumulatively 20%,

d) Subsidiaries,

e) Associates,

f) Joint ventures and

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

Amounts in million euros (Unless otherwise stated)

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

Related party transactions with the Board of Directors members and the key management personnel as well as the other related party categories as described in points (b) and (c) above, are presented in the table below. It is noted that, with the exception of the interest payment on the outstanding contingent convertible bonds of € 166 million for the Group and the Bank in December 2017, there were no significant transactions with the HFSF for the years 2018 and 2017. Information on the cancellation of the interest payment for the year 2018, is provided in Note 46.

Group	31/12/2018		31/12/2017	
	Board of Directors' members and key management personnel	Other related parties	Board of Directors' members and key management personnel	Other related parties
Loans and advances to customers	5	0	9	2
Due to customers	1	0	1	1
Letters of guarantee and letters of credit	-	-	-	-

Group	1/1 - 31/12/2018		1/1 - 31/12/2017	
	Board of Directors' members and key management personnel	Other related parties	Board of Directors' members and key management personnel	Other related parties
Income	0	0	0	0
Expense	0	0	0	0

Bank	31/12/2018		31/12/2017	
	Board of Directors' members and key management personnel	Other related parties	Board of Directors' members and key management personnel	Other related parties
Loans and advances to customers	5	0	9	2
Due to customers	1	0	1	1
Letters of guarantee and letters of credit	-	-	-	-

Bank	1/1 - 31/12/2018		1/1 - 31/12/2017	
	Board of Directors' members and key management personnel	Other related parties	Board of Directors' members and key management personnel	Other related parties
Income	0	0	0	0
Expense	0	0	0	0

Amounts in million euros (Unless otherwise stated)

Members of the Board of Directors and key management personnel benefits	Group		Bank	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Short term benefits	5	7	4	7
Post employment benefits	0	(2)	0	(2)

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

The aggregate provisions for post employment benefits to Members of the Board of Directors and key management personnel as at 31/12/2018 amounted to € 2 million compared to € 5 million as at 31/12/2017 for both the Group and the Bank. The full amount of the above post employment benefits has been included in the retirement benefit obligations.

48.1 Subsidiaries

Bank΄s balances from transactions with subsidiaries and the relevant results are as follows:

Amounts in million euros (Unless otherwise stated)

	Bank	
	31/12/2018	**31/12/2017**
Assets		
Loans and advances to credit institutions	142	344
Loans and advances to customers at amortised cost	2,433	2,672
Derivative financial instruments - assets	2	1
Other assets	187	343
Total	**2,765**	**3,361**
Liabilities		
Due to credit institutions	320	373
Due to customers	236	253
Debt securities in issue at amortised cost	58	64
Derivative financial instruments - liabilities	-	2
Other liabilities	15	155
Total	**629**	**847**

	Bank	
	1/1 - 31/12/2018	**1/1 - 31/12/2017**
Income		
Interest and similar income	59	68
Fee and commission income	11	10
Other income	2	1
Total	**71**	**80**
Expenses		
Interest expense and similar charges	(9)	(19)
Fee and commission expense	(6)	(19)
Operating expenses	(27)	(37)
Total	**(42)**	**(76)**

Letters of guarantee to subsidiaries of the Group as at 31/12/2018 amount to € 228 million (31/12/2017: € 202 million). The Bank's liabilities from operating leasing of the Group's subsidiary companies as at 31/12/2018 amount to € 60 million (31/12/2017: € 67 million).

48.2 Associates

The Bank´s transactions with associates and the relevant result are presented below:

Amounts in million euros (Unless otherwise stated)

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Loans and advances to customers at amortised cost	1,062	1,261	1,058	1,253
Derivative financial assets	1	5	1	5
Other	4	2	0	0
Due to customers	84	62	69	60
Derivative financial liabilities	-	25	-	25
Other liabilities	4	1	2	1

	Group		Bank	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Total expense and capital expenditure	(22)	(14)	(21)	(12)
Total income	51	73	48	67

The ECL allowance for impairment on loans and advances to customers granted to associate companies from both the Group and the Bank as at 31/12/2018 amounted to € 87 million, compared to € 93 million as at 31/12/2017.

Letters of guarantee to associates of both the Group and the Bank as at 31/12/2018 amounted to € 7 million (31/12/2017: € 8 million). The liabilities from property operating leasing of the Group and the Bank's associate companies as at 31/12/2018 amounted to € 8 million (€ 31/12/2017: 10 million).

48.3 Joint ventures

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

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Loans and advances to customers at amortised cost and other assets	53	52	53	52

	Group		Bank	
	1/1 - 31/12/2018	1/1 - 31/12/2017	1/1 - 31/12/2018	1/1 - 31/12/2017
Total income	1	1	1	1

The ECL allowance for impairment on loans and advances to customers granted to joint ventures for the Group and the Bank as at 31/12/2018 amounted to € 42 million respectively (31/12/2017: € 8 million respectively).

49 Changes in the portfolio of consolidated companies

The analysis of changes of the consolidated companies' portfolio during the year 2018 is presented below:

a) Gain of control or significant influence:

On 8/6/2018, Piraeus Bank Bulgaria A.D, a 99.98% subsidiary company of Piraeus Bank, acquired the 100.00% of the company Emerald Investments EOOD for a consideration of € 8 million. As a result, the company has become a subsidiary company of the Group.

b) Establishment:

On 8/8/2018, Piraeus Bank Bulgaria A.D., a 99.98% subsidiary company of Piraeus Bank, established its 100.00% subsidiary company Yota Asset Ltd by paying the amount of € 3 million. As a result, the company has become subsidiary company of the Group.

On 31/8/2018, ETVA Industrial Parks S.A., a 65.00% subsidiary company of Piraeus Bank, established its 80.00% subsidiary company Thriacio Logistics Center S.A. by paying the amount of € 800 thousand. As a result, the company has become subsidiary company of the Group.

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

During Q1 2018, PJ Tech Catalyst Fund, 30.00% associate participation of the Group, increased its assets by € 203 thousand. As a result, Piraeus Equity Partners LTD, 100.00% subsidiary company of Piraeus Bank S.A., covered its ratio by paying in total € 61 thousand, without altering its shareholding percentage in the company.

On 3/4/2018, Piraeus Bank disposed of 50.10% of the share capital of its 100.00% subsidiary company Piraeus Direct Services S.A., for a consideration of € 866 thousand. As a result, the company was transferred to the portfolio of associate companies.

On 25/4/2018, PJ Tech Catalyst Fund, 30.00% associate participation of the Group, increased its assets by € 68 thousand. As a result, Piraeus Equity Partners LTD, 100.00% subsidiary company of Piraeus Bank S.A., covered its ratio by paying in total € 21 thousand, without altering its shareholding percentage in the company.

On 4/5/2018, WH South Wind Hellas Ltd, 100.00% subsidiary company of the Group, acquired the 0.20% of 99.80% Group's subsidiary companies Aiolikon Parko Artas E.E., Aiolikon Parko Evritanias Morforahi E.E., Aiolikon Parko Evritanias Ouranos E.E., DMX Aioliko Parko Rodopi 2 E.E., for the amount of € 20, € 20, € 20 and € 170 respectively. Following the above, the Group owns the 100.00% of the aforementioned companies.

On 31/5/2018, APE Investment Property S.A., 28.92% associate company of Piraeus Bank, proceeded with a share capital increase of € 101 million through the issue of preference shares. As a result, Piraeus Bank covered its ratio by paying in total € 29 million, without altering its shareholding percentage in the company.

On 29/6/2018, Piraeus Bank acquired an additional 0.15% of the share capital of its 99.85% subsidiary company of the Group, Piraeus Leasing Romania S.A. for an amount of € 12 thousand. As a result, Piraeus Bank owns 100.00% of the company.

On 20/7/2018, APE Commercial Property Real Estate Tourist and Development S.A., 27.80% associate company of Piraeus Bank, proceeded to reverse split with increase of the nominal value of each share to € 2.5 from € 0.5. In addition, on the same day, the company fulfilled its share capital increase through capitalization of reserves of total amount € 39 million and the decrease of its share capital with the amount of € 33 million. The participation percentage of Piraeus Bank in the company remained the same.

On 25/7/2018, APE Fixed Assets Real Estate Tourist and Development S.A., a 27.80% associate company of Piraeus Bank, proceeded to a share capital increase by € 300 thousand. Piraeus Bank covered its ratio by paying € 83 thousand, without altering its shareholding percentage in the company.

On 31/7/2018, Pyrrichos S.A., 50.70% associate company of Piraeus Bank, proceeded to a share capital increase by € 410 thousand. Piraeus Bank covered its ratio by paying € 208 thousand, without altering its shareholding percentage in the company.

On 21/9/2018, Piraeus Bank paid to its associate participation, Piraeus - TANEO Capital Fund, the amount of € 140 thousand, maintaining its shareholding percentage in the company to 50.01%.

During Q3 2018, PJ Tech Catalyst Fund, 30.00% associate participation of the Group, increased its assets by € 230 thousand. As a result, Piraeus Equity Partners LTD, 100.00% subsidiary company of Piraeus Bank S.A., covered its ratio by paying in total € 69 thousand, without altering its shareholding percentage in the company.

On 29/10/2018, Tirana Leasing Sh.A. 100.00% subsidiary company of Piraeus Bank, decreased its share capital by € 2 million. From the said decrease, the participation percentage of Piraeus Bank did not alter.

On 29/10/2018, Trieris Two Real Estate Ltd, a 100.00% subsidiary company of Piraeus Bank, proceeded with a share capital increase of € 1 million, which was fully covered by Piraeus Bank, without altering its shareholding percentage in the company.

On 30/11/2018, Property Horizon S.A, a 100.00% subsidiary company of Piraeus Bank, proceeded with a share capital increase of € 90 thousand, which was fully covered by Piraeus Bank, without altering its shareholding percentage in the company.

On 11/12/2018, Komotimi Real Estate Development S.A., 100.00% subsidiary company of Piraeus Bank, proceeded with a share capital increase of € 148 thousand, which was fully covered by Piraeus Bank, without altering its shareholding percentage in the company.

On 11/12/2018, Piraeus Development S.A., 100.00% subsidiary company of Piraeus Bank, proceeded with a share capital increase of € 120 thousand, which was fully covered by Piraeus Bank, without altering its shareholding percentage in the company.

On 11/12/2018, ND Development SA, 100.00% subsidiary company of Piraeus Bank, proceeded with a share capital increase of € 130 thousand, which was fully covered by Piraeus Bank, without altering its shareholding percentage in the company.

On 14/12/2018, Arigeo Energy Holdings Ltd, 100.00% subsidiary company of the Group, acquired an additional 10.00% of Group’s subsidiary company KPM Energy S.A. for the amount of € 300 thousand. As a result, the Group’s shareholding percentage in the company KPM Energy S.A. increased to 100.00%, including the percentage of its own shares.

On 21/12/2018, Piraeus Bank acquired the remaining 5.00% shareholding of Piraeus Insurance Agency S.A. from Piraeus Insurance and Reinsurance Brokerage S.A., a Group’s subsidiary company for a consideration of € 1 million. As a result, Piraeus Bank owns 100.00% of the company. There was no change to the Group holding.

On 21/12/2018, PJ Tech Catalyst Fund 30.00% associate participation of the Group, increased its assets by € 68 thousand. As a result, Piraeus Equity Partners Ltd 100.00% subsidiary company of Piraeus Bank S.A covered its ratio by paying in total € 21 thousand, without altering its shareholding percentage in the company.

Amounts in million euros (Unless otherwise stated)

Net outflow from shareholding percentage increase in subsidiaries and from acquisition of subsidiaries amounts to € 9 million and is presented below:

Acquisition of subsidiaries excluding cash and cash equivalents acquired	1/1 - 31/12/2018	1/1 - 31/12/2017
Acquisition of subsidiaries	9	2
Less: Cash and cash equivalents acquired	-	(0)
	9	**2**

d) Liquidation and disposal:

On 10/1/2018, Edificio Enterprise Sh.P.K and Tierra Projects Sh.P.K, 99.09% subsidiary companies of the Group, were set under liquidation.

On 12/2/2018, Piraeus Equity Investment Management Ltd, 100.00% subsidiary company of the Group, was set under liquidation.

On 27/2/2018, Piraeus Master GP Holding Ltd and Piraeus FI Holding Ltd, both subsidiary companies (100.00%) of the Group, upon their Board of Directors' decision, were set under liquidation.

On 15/3/2018, Piraeus Bank disposed of its total participation in its 100% subsidiary company, Olympic Commercial &Tourist Enterprises S.A., for a consideration of € 81 million.

On 26/3/2018, Piraeus Bank disposed of its total participation in its 100.00% subsidiary company, Piraeus ACT Services S.A., for a consideration of € 1 million.

On 30/3/2018, Piraeus Green Investments S.A., 100.00% subsidiary company of the Bank, was set under liquidation.

On 3/4/2018, Piraeus Bank completed the transfer of its 99.54% subsidiary company, Sentinel Advisors S.A. (ex ATE Insurance Romania S.A.), for a consideration of € 3 million.

On 23/4/2018, Piraeus Bank disposed of the total of its participation in its 100.00% subsidiary company, Piraeus Bank Beograd A.D., for a total cash consideration of € 61 million, through a combination of direct sale and simultaneous reduction of capital in Piraeus Bank Beograd AD. At the same time, the transfer of the 51.00% of Group's 100.00% subsidiary company, Piraeus Leasing Doo Beograd to Piraeus Bank Beograd A.D was completed, for the amount of € 1. As a result, Piraeus Bank Beograd A.D. owns the 100.00% of Piraeus Leasing Doo Beograd. Following the above, Piraeus Leasing Doo Beograd, is no longer a subsidiary company of the Group.

On 27/4/2018, Mille Fin S.A., 100.00% subsidiary company of Piraeus Bank, was set under liquidation.

On 23/5/2018, Rhesus Development Projects SRL 99.10% subsidiary company of the Bank, was set under liquidation.

On 24/5/2018, Piraeus Bank proceeded to a disinvestment in its associate company, Hellenic Seaways Maritime S.A., by transferring the total of its participation (43.48%) for a consideration of € 42 million.

On 29/6/2018, Piraeus Bank disposed of its 100.00% subsidiary company, Piraeus Bank Romania S.A, for a consideration of € 44 million.

Amounts in million euros (Unless otherwise stated)

On 10/9/2018, General Business Management Investitii SRL, 100.00% subsidiary company of the Group, was deleted from the relevant Company Registry.

On 20/9/2018, Besticar Limited, 99.98% subsidiary company of the Group, was deleted from the relevant Company Registry.

On 18/10/2018, Piraeus FI Holding Ltd and Piraeus Master GP Holding Ltd, both 100.00% subsidiaries of the Group, were deleted from the relevant Company Registry.

On 19/10/2018, Piraeus Bank disposed of the total of its participation (100.00%) in its subsidiary company Special Financial Solutions S.A, for a consideration of € 247 thousand.

On 22/10/2018, Piraeus Group disposed of the total of its participation (74.32%) in its subsidiary company Alecsandri Estates SRL, for a consideration of € 55 million.

On 26/10/2018, Edificio Enterprise Sh. P.K., subsidiary company (99.09%) of the Group, was deleted from the relevant Company Registry.

On 9/11/2018, Piraeus Group disposed of the total of its participation in its 99.98 % subsidiary company, Yota Assets Ltd, for a consideration of € 3 million.

On 19/12/2018, Tierra Projects Sh.P.K., 99.09% subsidiary company of the Group, was deleted from the relevant Company Registry.

On 31/12/2018, Piraeus Group disposed of the total of its participation in its 100.00% subsidiary company, Piraeus Real Estate Tirana Sh.P.K., for a consideration of € 810.

On 31/12/2018, Piraeus Bank disposed of the total of its participation in its 100.00% subsidiary company, Piraeus Insurance and Reinsurance Brokerage S.A., for a consideration of € 27 million.

On 31/12/2018, Capital Investments & Finance S.A and Vitria Investments S.A 100.00% subsidiary companies of the Group, were deleted from the relevant Company Registry.

Net outflow from disposal of subsidiaries amounts to € 19 million and is presented below:

Disposals of subsidiaries excluding cash and cash equivalents disposed	1/1 - 31/12/2018	1/1 - 31/12/2017
Disposal/ partial disposal of subsidiaries	414	3
Gains / (losses) from disposals	(139)	(3)
Less: Cash and cash equivalents disposed	(294)	(2)
	(19)	**(2)**

e) Other changes

On 22/2/2018, Cyprus Leasing S.A., 100.00% subsidiary company of Piraeus Bank, was renamed to Piraeus Financial Leases S.A.

On 23/3/2018, ATE Insurance Romania S.A., 99.54% subsidiary company of the Group, was renamed to Sentinel Advisors S.A. and subsequently the entity was disposed on 3/4/2018.

On 21/9/2018, Sciens International Investments & Holding S.A., 28.10% associate company of Piraeus Bank, was renamed to

Amounts in million euros (Unless otherwise stated)

Omicron Cyclos Ena Symmetohiki S.A.

50 Independent Auditors' fees

On 29/6/2018, the Ordinary General Meeting of the Shareholders appointed Deloitte Certified Public Accountant S.A. as our principal independent public accountant for the year ended 31/12/2018. The following table presents the aggregated fees for professional statutory audit fees, tax audit fees, other audit related fees and other non-audit related fees for the years 2018 and 2017 by the Group's principal accounting firm Deloitte, which is a member firm of the Deloitte Network, other member firms of the Network and their respective affiliates (collectively, "Deloitte").

	Group		Bank	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Statutory audit fees	3	4	2	2
Other audit related fees (Including tax audit fees)	1	1	0	0
Other non-audit related fees	1	2	1	2
Total	**5**	**6**	**3**	**4**

51 Restatements/ reclassifications of comparative year

The restatements/ reclassifications that took place in the Income Statement, in the Statement of Comprehensive Income, in the Cash Flow Statement of the year 2017 are presented below. The restatements took place mainly due to the classification of the companies Tirana Bank I.B.C. S.A. and Piraeus Bank Bulgaria A.D. as discontinued operations.

During the current period, the Group and the Bank amended the presentation of the customer loyalty cost from interest expenses and administrative expenses to commissions expenses for better presentation. In additional, costs inherent to credit cards have been reclassified from administrative costs to commissions expenses.

Amounts in million euros (Unless otherwise stated)

Group	1/1 - 31/12/2017		
Income Statement	**Published amounts**	**Restatements**	**Restated amounts**
Interest and similar income	2,247	(47)	2,200
Interest expense and similar charges	(577)	16	(561)
Net interest income	**1,670**	**(31)**	**1,639**
Fee and commission income	431	(21)	411
Fee and commission expense	(62)	(18)	(80)
Net fee and commission income	**369**	**(39)**	**331**
Dividend income	8	(0)	8
Net gain/ (losses) from financial instruments measured at FVTPL	20	2	22
Results from investment securities	53	(1)	52
Results from the disposal of participation of subsidiaries and associates	(0)	-	(0)
Net other income/ (expenses)	96	(0)	95
Total net income	**2,216**	**(70)**	**2,146**
Staff costs	(563)	17	(546)
Administrative expenses	(500)	40	(460)
Depreciation and amortisation	(103)	4	(98)
Net gain/ (losses) from sale of property and equipment and intangible assets	(1)	(0)	(1)
Total operating expenses before provisions	**(1,166)**	**61**	**(1,106)**
Profit before provisions, impairment and income tax	**1,050**	**(9)**	**1,041**
ECL Impairment losses on loans and advances to customers at amortised cost	(2,013)	(8)	(2,020)
Impairment losses on other assets	(92)	6	(86)
Impairment on investment securities and participations	(20)	-	(20)
Impairment of property and equipment and intangible assets	(78)	0	(78)
Impairment on assets held for sale	1	-	1
Other provision releases/ (charges)	(25)	(0)	(25)
Share of profit/ (loss) of associates and joint ventures	(31)	-	(31)
Profit/ (loss) before income tax	**(1,208)**	**(11)**	**(1,219)**
Income tax benefit/ (expense)	1,206	1	1,207
Profit/ (loss) for the year from continuing operations	**(3)**	**(10)**	**(13)**
Profit/ (loss) after income tax from discontinued operations	(202)	10	(192)
Profit/ (loss) for the year	**(204)**	**0**	**(204)**
From continuing operations			
Profit/ (loss) attributable to equity holders of the Bank	2	(10)	(9)
Non controlling interest	(4)	(0)	(4)
From discontinued operations			
Profit/ (loss) attributable to equity holders of the Bank	(202)	10	(192)
Non controlling interest	0	0	0
Earnings/ (losses) per share attributable to equity holders of the Bank (in €):			
From continuing operations			
- Basic	0.0035	(0.0233)	(0.0198)
- Diluted	0.0018	(0.0122)	(0.0104)
From discontinued operations			
- Basic	(0.4626)	0.0233	(0.4393)
- Diluted	(0.2430)	0.0122	(0.2308)

Amounts in million euros (Unless otherwise stated)

Bank	**1/1 - 31/12/2017**		
Income Statement	**Published amounts**	**Restatements**	**Restated amounts**
Interest and similar income	2,188	-	2,188
Interest expense and similar charges	(581)	8	(574)
Net interest income	**1,606**	**8**	**1,614**
Fee and commission income	351	-	351
Fee and commission expense	**(69)**	**(21)**	**(89)**
Net fee and commission income	**282**	**(21)**	**262**
Dividend income	78	-	78
Net gain/ (losses) from financial instruments measured at FVTPL	25	-	25
Results from investment securities	51	-	51
Net other income/ (expenses)	(11)	-	(11)
TOTAL NET INCOME	**2,032**	**(13)**	**2,019**
Staff costs	(509)	-	(509)
Administrative expenses	(462)	13	(449)
Depreciation and amortisation	(90)	-	(90)
Net gain/ (losses) from sale of property and equipment and intangible assets	(1)	-	(1)
Total operating expenses before provisions	**(1,063)**	**13**	**(1,050)**
Profit before provisions, impairment and income tax	**969**	**0**	**969**
ECL Impairment losses on loans and advances to customers at amortised cost	(1,979)	-	(1,979)
Impairment losses on other assets	(64)	-	(64)
Impairment on investment securities and participations	(142)	-	(142)
Impairment of property and equipment and intangible assets	(10)	-	(10)
Impairment on assets held for sale	(5)	-	(5)
Other provision releases/ (charges)	29	-	29
Profit/ (loss) before income tax	**(1,203)**	**0**	**(1,203)**
Income tax benefit/ (expense)	1,206	-	1,206
Profit/ (loss) for the year	**3**	**0**	**3**

Amounts in million euros (Unless otherwise stated)

Group	**1/1 - 31/12/2017**		
Statement of Comprehensive Income	**Published amounts**	**Restatements**	**Restated amounts**
CONTINUING OPERATIONS			
Profit/ (loss) for the year (A)	**(3)**	**(10)**	**(13)**
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss			
Change in available for sale reserve	88	(1)	87
Change in currency translation reserve	(4)	(2)	(6)
Items that will not be reclassified subsequently to profit or loss			
Change in reserve of defined benefit obligations	(2)	0	(2)
Other comprehensive income/ (expense), net of tax (B)	**81**	**(3)**	**79**
Total comprehensive income/ (expense), net of tax (A)+(B)	**79**	**(13)**	**66**
- Attributable to equity holders of the parent entity	83	(13)	70
- Non controlling interest	(4)	(0)	(4)
DISCONTINUED OPERATIONS			
Profit/ (loss) for the year (C)	**(202)**	**10**	**(192)**
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss			
Change in available for sale reserve	(0)	1	0
Change in currency translation reserve	0	2	2
Items that will not be reclassified subsequently to profit loss			
Change in reserve of defined benefit obligations	(0)	(0)	(0)
Other comprehensive income/ (expense), net of tax (D)	**(0)**	**3**	**2**
Total comprehensive income/ (expense), net of tax (C)+(D)	**(202)**	**13**	**(189)**
- Attributable to equity holders of the parent entity	(202)	13	(189)
- Non controlling interest	0	0	0

Group	**1/1 - 31/12/2017**		
Cash Flow Statement	**Published amounts**	**Restatements**	**Restated amounts**
Net cash inflow/ (outflow) from operating activities	2,069	(73)	1,996
Net cash inflow/ (outflow) from investing activities	(265)	(34)	(299)
Net cash inflow/ (outflow) from financing activities	183	-	183
Total cash inflows/ (outflows) for the year	**1,987**	**(107)**	**1,880**
Effect of exchange rate fluctuations on cash and cash equivalents	0	0	0
Net increase/ (decrease) in cash and cash equivalents from continuing operations (A)	**1,987**	**(107)**	**1,880**
Net increase/ (decrease) in cash and cash equivalents from discontinued operations (B)	**(37)**	**107**	**70**
Cash and cash equivalents at the beginning of the year (C)	**2,238**	**0**	**2,238**
Cash and cash equivalents at the end of the year (A)+(B)+(C)	**4,188**	**(0)**	**4,188**

Amounts in million euros (Unless otherwise stated)

52 Information on a consolidated basis according to articles 81 and 82 of Law 4261/2014

According to article 81 of Law 4261/2014, which incorporates into the Greek legislation article 89 of EU Directive 2013/36/EU, Piraeus Bank Group (''the Group'') discloses information on a consolidated basis for each country in which it operates.

Disclosed information includes: name of the subsidiary, nature of business, geographical location, turnover, number of employees on a full-time equivalent basis, profit or loss before tax, tax on profit or loss and public subsidies. Turnover, profit or loss before tax, as well as tax on profit or loss are prepared on the same basis as the relevant figures reported in the financial statements for the years ended 31/12/2018 and 31/12/2017 respectively, which are prepared in accordance with the International Financial Reporting Standards (''IFRSs'') as issued by the IASB and endorsed by the European Union.

Neither the Bank nor the Group's subsidiaries have received any public subsidies. All other information is presented in the following tables:

A) Country specific information

Country	31/12/2018			
	Total net income[3]	Profit/ (loss) before tax	Income tax benefit/ (expense)	Number of staff
Greece[1]	1,900	62	99	13,198
Romania	(70)	(98)	0	10
Bulgaria	49	(126)	0	958
Egypt	(0)	(0)	(0)	1
Cyprus	0	1	(1)	5
Serbia	(44)	(45)	0	5
Albania	7	(61)	0	430
Ukraine	10	(2)	(0)	394
Other countries[2]	1	0	-	-
Group[4]	**1,853**	**(269)**	**98**	**15,000**

Notes:

(1) The amounts reported include the operations of the Bank's branches operating in foreign countries and special purpose vehicles incorporated in the U.K.

(2) Other countries include U.K., Luxemburg, British Virgin Islands and the U.S.A.

(3) Total net income includes net interest income, net fee and commission income, dividend income, net gain/(losses) from financial instruments measured at FVTPL, results from the disposal of participation of subsidiaries and associates, net gain/(losses) from financial instruments measured at FVTOCI and other income/ (expenses).

(4) The amounts reported include both continuing and discontinued operations.

Amounts in million euros (Unless otherwise stated)

Country	31/12/2017			
	Total net income[3]	Profit/ (loss) before tax	Income tax benefit/ (expense)	Number of staff
Greece[1]	2,217	(1,232)	1,198	15,058
Romania	50	(122)	(0)	1,276
Bulgaria	44	6	(1)	976
Egypt	(9)	(9)	2	1
Cyprus	4	4	(0)	7
Serbia	19	(46)	(0)	435
Albania	13	(1)	(0)	445
Ukraine	10	(1)	(0)	384
Other countries[2]	1	(1)	-	-
Group[4]	**2,350**	**(1,402)**	**1,198**	**18,581**

Notes:

(1) The amounts reported include the operations of the Bank's branches operating in foreign countries and special purpose vehicles incorporated in the U.K.

(2) Other countries include U.K., Luxemburg, Liberia, Panama, British Virgin Islands and the U.S.A.

(3) Total net income includes net interest income, net fee and commission income, results from investment and trading securities, dividend income and other income/ (expenses).

(4) The amounts reported include both continuing and discontinued operations.

B. The Group's subsidiaries based on the nature of their business and their geographical location are presented:

The Group's subsidiaries based on the nature of their business and their geographical location are presented in Note 29.

Greek Law 4261/2014, article 82, which incorporated into Greek legislation the article 90 of Directive 2013/36/EU of the European Parliament and of the Council of 26/6/2013, established the requirement to disclose the total return on assets ratio. This ratio for the Bank and the Group for the year ended 31/12/2018 amounted to 0.08% and 0.29% respectively (31/12/2017: 0.004% and -0.004% respectively).

53 Disclosures of Greek Law 4151/2013

In accordance with the provisions of Greek Law 4151/2013, every credit institution operating in Greece has the obligation to remit to the Greek State the cash balances plus interest for all dormant accounts, for which a period of 20 years has passed until the end of April of each year. The Bank in 2018 did not pay any capital and interest for the deposits that were lapsed in favor of the Greek State, as due to paragraph 6 of the first article of Legislative Act 18.7.2015 (Gazette A΄84/18.7.2015) and the article 257 of the Greek Civil Law, the procedure of reimbursement of dormant accounts to the Greek State had been postponed until 14/11/2017 and for a six-month period subsequent to the mentioned date. The capital and interest for the deposits that were cancelled at 31/12/2018 will be paid to the Greek State until the end of April 2019.

Amounts in million euros (Unless otherwise stated)

54 IFRS 9 First Time Adoption Transition Disclosures

On 1/1/2018, the Group and the Bank implemented the requirements of IFRS 9 "Financial Instruments" ("IFRS 9"). IFRS 9 addresses the accounting requirements for financial instruments classification and measurement, impairment and hedge accounting. It replaces IAS 39 "Financial Instruments: Recognition and Measurement" ("IAS 39") and is effective for annual periods beginning on or after 1/1/2018.

These IFRS 9 First Time Adoption ("FTA") Transitional Disclosures provide:

- Information relevant to understanding the impact of the new accounting standard on the Group's and the Bank's Statement of Financial Position as at 1/1/2018.
- A bridge between IAS 39, IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and IFRS 9 results.
- Context for changes in the recognition of expected credit losses, changes in the classification and measurement of financial instruments on the Group and the Bank's Statement of Financial Position and the resulting impact on regulatory capital.

54.1 IFRS 9 FTA Impact

The IFRS 9 FTA impact as at 1/1/2018 for the Group and the Bank amounted to € 1,969 million and € 1,895 million respectively and is analysed as follows:

	1/1/2018	
IFRS 9 FTA Impact on Total Equity	**Group**	**Bank**
A decrease from additional impairment allowances – continuing operations	1,912	1,843
A decrease from additional impairment allowances – discontinued operations	5	-
A decrease from the remeasurement of financial assets and financial liabilities as a consequence of classification changes	25	25
Deferred tax asset	(1)	-
Net effect of IFRS 9 FTA Impact on Total Equity	**1,942**	**1,868**
ECL impact of AFS bond portfolio measured at FVTOCI	27	27
Total IFRS 9 FTA Impact	**1,969**	**1,895**

The Group and the Bank have not recognised a deferred tax asset on the net IFRS 9 FTA impact as at 1/1/2018, apart from an immaterial amount of € 1 million coming from the Greek subsidiaries, based on Management's current assessment that such additional DTA deriving from the IFRS 9 FTA impact is not considered recoverable. The unrecognised DTA amounted to € 563 million and € 542 million for the Group and the Bank respectively.

Management finalised the IFRS 9 FTA impact assessment in June 2018. In this respect the initially estimated IFRS 9 FTA impact as of 1/1/2018 amounting to € 1,621 million and € 1,546 million for the Group and the Bank respectively has been increased to € 1,969 million and € 1,895 million for the Group and the Bank respectively as a result of the two items set out below:

a) Conclusion of the IFRS 9 ECL measurement of loans and advances to customers at amortised cost for the Group and the Bank, as result of the finalisation of the risk parameters used in the internal credit risk models amounting to € 315 million.

b) IFRS 9 FTA impact for financial instruments included in "Other Assets" as this was not part of the initially estimated IFRS 9 FTA impact amounting to € 34 million for the Group and € 33 million for the Bank respectively.

Amounts in million euros (Unless otherwise stated)

IFRS 9 FTA Impact	1/1/2018 Group	1/1/2018 Bank
Initially estimated IFRS 9 FTA impact as published as at 31/12/2017	1,621	1,546
Deferred tax asset and other adjustments incorporated in Q1 2018	(1)	-
Amended IFRS 9 FTA impact as published as at 31/3/2018	1,620	1,546
Conclusion of IFRS 9 ECL measurement of loans and advances to customers, as a result of the finalization of the risk parameters used in the internal credit risk models	315	315
Increase due to IFRS 9 FTA impact on financial instruments included within Other Assets	34	33
Amended IFRS 9 FTA impact as of 31/12/2018	**1,969**	**1,895**

Management continues to test and refine the new accounting processes, internal controls and governance framework necessitated by the adoption of IFRS 9.

54.2 Impact on Regulatory Capital

Group Key capital metrics	31/12/2017 IAS 39	At 1/1/2018 IFRS 9 Transitional	1/1/2018 IFRS 9 Fully loaded
Common Equity Tier 1 Capital	7,711	7,325	5,151
Tier 1 Capital	7,711	7,325	5,151
Total Capital	7,711	7,325	5,151
Total risk weighted assets (on and off- balance sheet items)	**50,981**	**50,149**	**48,589**
Capital ratios (%) [1]			
Common Equity Tier 1 Capital ratio	15.1%	14.6%	10.6%
Tier 1 Capital ratio	15.1%	14.6%	10.6%
Total Capital ratio	15.1%	14.6%	10.6%
Leverage Ratio	11.7%	10.9%	8.1%

[1] *Capital ratios are presented on a CRD IV transitional basis at 31/12/2017 for consistency.*

Amounts in million euros (Unless otherwise stated)

Bank		At	
Key capital metrics	31/12/2017	1/1/2018	1/1/2018
	IAS 39	IFRS 9 Transitional	IFRS 9 Fully loaded
Common Equity Tier 1 Capital	7,794	7,412	5,359
Tier 1 Capital	7,794	7,412	5,359
Total Capital	7,794	7,412	5,359
Total risk weighted assets (on and off- balance sheet items)	**47,864**	**46,894**	**45,410**
Capital ratios (%) [2]			
Common Equity Tier 1 Capital ratio	16.3%	15.8%	11.8%
Tier 1 Capital ratio	16.3%	15.8%	11.8%
Total Capital ratio	16.3%	15.8%	11.8%
Leverage Ratio	12.3%	11.5%	8.8%

[2] *Capital ratios are presented on a CRD IV transitional basis at 31/12/2017 for consistency.*

The IFRS 9 FTA impact, resulted in a 52 bps and 48 bps decrease in the Common Equity Tier 1 ratio for the Group and the Bank respectively, applying the EU regulatory transitional arrangements, and a 452 bps for the Group and 448 bps for the Bank decrease on a fully loaded basis as at 1/1/2018.

54.3 IFRS 9 regulatory transitional arrangements

The Group and the Bank have adopted the regulatory transitional arrangements published by the EU (No 2017/2395) in December 2017, amending the regulation (EU) 575/2013 with the insertion of article 473a. These regulatory transitional arrangements permit banks to add back to their capital base a proportion of the IFRS 9 FTA impact due to the Expected Credit Loss allowance during the first five years of use. The proportion that banks may add back starts at 95% in 2018 and reduces gradually to 25% in 2022 and then to 0% by 2023.

The IFRS 9 FTA impact on the Expected Credit Loss allowance on loans and advances to customers at amortised cost is defined as:

- the increase in expected credit losses on day one of IFRS 9 adoption; plus
- any subsequent increase in expected credit losses in the non credit-impaired book thereafter.

54.4 Impact on Governance and Internal Controls

The Group and the Bank commenced its IFRS 9 implementation program (“IFRS 9 Program”) in Q1 2016. In the context of the implementations of this program, an appropriate Governance, Steering Committees, Project Management Office, and various project teams were established with participants from several of the Bank’s divisions and its subsidiaries. The Group’s and the Bank’s IFRS 9 Steering Committee, participated actively throughout the process, ensuring efficient, effective, accurate and timely implementation of the IFRS 9 Program. Given the complexity and the size of the IFRS 9 Program, the Bank contracted consultants who are “Subject-Matter Experts” very early in the stage of the IFRS 9 Program and the Bank has made substantial investments in new IT infrastructure and processes.

On the basis of its existing governance framework, Management has ensured that the appropriate internal controls and validations are in place over the key processes and judgments to determine the ECL. As part of the implementation, Management has refined its existing internal controls and implemented additional internal controls and processes where required in areas that are impacted by the adoption of IFRS9. Management has also set up validation processes and controls to assess the appropriateness of ECL measurement. Some of the key governance and internal control areas are those related to controls over the development of macroeconomic scenarios and weighting them by an appropriate probability of default, credit risk data and systems, the determination of criteria for the assessment of a significant increase in credit risk and the criteria for the classification of loans and debt securities.

Furthermore, in addition to the existing risk management framework, a robust and strong governance framework has been set up to review and approve the ECL measurement. In this regard, Impairment Committee reviews and approves the consolidated impairment charge on a quarterly basis, along with all underlying key components and respective key assumptions.

The Board of Directors with the assistance of the Audit Committee and Board Risk Committee, as well as the Group's and the Bank's Executive Committee, monitored very closely the implementation of the IFRS 9 Program on a frequent base and participated actively in the decision making process, as well as the approval of the IFRS 9 accounting policies.

54.5 Retrospective amendments to the Group and the Bank's Statement of Financial Position presentation as of 31/12/2017

The tables below illustrate the new Statement of Financial Position presentation of assets and liabilities as of 31/12/2017 in comparison to the presentation in the 2017 Annual Financial Report. The tables do not reflect any of the effects of adopting the measurement requirements of IFRS 9, which are presented in Note 54.6 under Reclassification and remeasurement of carrying amounts and recognition of ECL upon the adoption of IFRS 9.

Amounts in million euros (Unless otherwise stated)

GROUP		31/12/2017	
STATEMENT OF FINANCIAL POSITION	Explanatory Footnotes	Former presentation	Revised presentation
ASSETS			
Cash and balances with Central Banks		1,449	1,449
Loans and advances to credit institutions		2,148	2,148
Financial assets at FVTPL	1	1,500	1,504
Financial assets mandatory at FVTPL	2,3	-	134
Derivative financial instruments - assets	1,4,6	460	472
Reverse repos with customers		90	90
Loans and advances to customers at amortised cost	5	44,720	44,602
Loans and advances to customers mandatorily at FVTPL	5,6	-	123
Financial assets at FVTOCI	7,8	-	2,071
Available for sale securities	3,4,7,8	2,204	-
Debt securities at amortised cost	2	23	-
Assets held for sale		18	18
Investment property		1,121	1,121
Investments in associated undertakings and joint ventures		251	251
Property and equipment		1,041	1,041
Intangible assets		301	301
Deferred tax assets		6,543	6,543
Other assets		3,264	3,264
Assets from discontinued operations		2,284	2,284
TOTAL ASSETS		**67,417**	**67,417**
LIABILITIES			
Due to credit institutions		11,435	11,435
Due to customers		42,715	42,715
Derivative financial instruments - liabilities		402	402
Debt securities in issue		435	435
Current income tax liabilities		2	2
Deferred tax liabilities		34	34
Retirement benefit obligations		194	194
Other provisions		53	53
Other liabilities		960	960
Liabilities from discontinued operations		1,641	1,641
TOTAL LIABILITIES		**57,872**	**57,872**
EQUITY			
Share capital (ordinary shares)		2,620	2,620
Share premium		13,075	13,075
Contingent convertible securities		2,040	2,040
Less: Treasury shares		(0)	(0)
Other reserves	9	11	24
Retained earnings	9	(8,327)	(8,339)
Equity attributable to shareholders of the parent entity		**9,418**	**9,418**
Non controlling interest		126	126
TOTAL EQUITY		**9,544**	**9,544**
TOTAL LIABILITIES AND EQUITY		**67,417**	**67,417**

Amounts in million euros (Unless otherwise stated)

BANK		31/12/2017	
STATEMENT OF FINANCIAL POSITION	Explanatory Footnotes	Former presentation	Revised presentation
ASSETS			
Cash and balances with Central Banks		1,154	1,154
Loans and advances to credit institutions		2,092	2,092
Financial assets at FVTPL	1	1,476	1,481
Financial assets mandatorily at FVTPL	2,3,4	-	134
Derivative financial instruments assets	1,4,6	461	473
Reverse repos with customers		89	89
Loans and advances to customers at amortised cost	5	44,885	44,767
Loans and advances to customers mandatorily at FVTPL	5,6	-	123
Financial assets at FVTOCI	7,8	-	1,887
Available for sale securities	3,4,7,8	2,019	-
Debt securities at amortised cost	2	23	-
Assets held for sale		183	183
Investment property		400	400
Investments in subsidiaries		811	811
Investments in associated undertakings and joint ventures		246	246
Property and equipment		898	898
Intangible assets		256	256
Deferred tax assets		6,484	6,484
Other assets		3,013	3,013
TOTAL ASSETS		**64,491**	**64,491**
LIABILITIES			
Due to credit institutions		11,772	11,772
Due to customers		41,301	41,301
Derivative financial instruments - liabilities		404	404
Debt securities in issue		435	435
Retirement benefit obligations		188	188
Other provisions		105	105
Other liabilities		860	860
TOTAL LIABILITIES		**55,065**	**55,065**
EQUITY			
Share capital (ordinary shares)		2,620	2,620
Share premium		13,075	13,075
Contingent convertible securities		2,040	2,040
Other reserves	9	160	159
Retained earnings	9	(8,468)	(8,467)
TOTAL EQUITY		**9,427**	**9,427**
TOTAL LIABILITIES AND EQUITY		**64,491**	**64,491**

Amounts in million euros (Unless otherwise stated)

Explanatory footnotes to the table "Retrospective amendments to Piraeus Bank Group's and Piraeus Bank's Statement of Financial Position presentation".

Entry No.	Statement of Financial Position
1	Reclassification from Derivative financial instruments – assets of € 5 million for the Group and Bank to Financial assets at FVTPL.
2	Reclassification from Debt Securities – at amortised cost of €23 million for the Group and Bank to Financial assets mandatorily at FVTPL.
3	Reclassification from Available for sales securities (equity securities) of €111 million for the Group and Bank to financial assets mandatorily at FVTPL.
4	Reclassification from Available for sales securities of €22 million for the Group and Bank to Derivatives financial instruments – assets.
5	Reclassification from Loans and advances to customers at amortized cost of €118 million for the Group and Bank to Loans and advances to customers mandatorily at FVTPL.
6	Reclassification from Derivative financial instruments – assets of €5 million for the Group and Bank to Financial assets mandatorily at FVTPL.
7	Reclassification from Available for sales securities (debt securities) of €1,902 million and € 1,724 million for the Group and Bank respectively to Financial assets at FVTOCI.
8	Reclassification from Available for sales securities (equity securities) of €169 million and € 163 million for the Group and Bank respectively to Financial assets at FVTOCI.
9	Reclassification from Available for sales securities reserve of €13 million loss and € 1 million gain for the Group and Bank respectively to Retained earnings.

54.6 Classification of Financial Assets at the date of initial application of IFRS 9

The following tables disclose changes in the carrying amounts and the classifications of financial assets as at the date of initial application of IFRS 9:

Amounts in million euros (Unless otherwise stated)

Group	IAS 39 measurement	IAS 39 carrying amount 31/12/2017	Reclassifications	Remeasurements	IFRS 9 carrying amount 1/1/2018
Financial assets at amortised cost under IFRS 9					
Cash and balances with Central Banks	Amortised Cost				
Closing balance 31/12/2017		1,449	-	-	1,449
Remeasurement (ECL allowance)		-	-	(0)	(0)
Opening balance 1/1/2018					**1,449**
Loans and advances to credit institutions	Amortised Cost				
Closing balance 31/12/2017		2,148	-	-	2,148
Remeasurement (ECL allowance)		-	-	(0)	(0)
Opening balance 1/1/2018					**2,148**
Loans and advances to customers	Amortised Cost				
Closing balance 31/12/2017		44,720	-	-	44,720
Reclassification to Loans and advances to customers mandatorily at FVTPL		-	(118)	-	(118)
Remeasurement (ECL allowance)		-	-	(1,724)	(1,724)
Opening balance 1/1/2018					**42,878**
Debt securities at amortised cost	Amortised Cost				
Closing balance 31/12/2017		23	-	-	23
Reclassification to Financial assets mandatorily at FVTPL		-	(23)	-	(23)
Opening balance 1/1/2018					**0**
Reverse repos with customers	Amortised Cost				
Closing balance 31/12/2017		90	-	-	90
Remeasurement (ECL allowance)		-	-	(0)	(0)
Opening balance 1/1/2018					**90**
Other Financial Instruments within Other Assets	Amortised Cost				
Closing balance 31/12/2017		737	-	-	737
Remeasurement (ECL allowance)		-	-	(34)	(34)
Opening balance 1/1/2018					**704**
Total financial assets measured at amortised cost under IFRS 9		**49,168**	**(141)**	**(1,758)**	**47,268**

Amounts in million euros (Unless otherwise stated)

Bank	IAS 39 measurement	IAS 39 carrying amount 31/12/2017	Reclassifications	Remeasurements	IFRS 9 carrying amount 1/1/2018
Financial assets at amortised cost under IFRS 9					
Cash and balances with Central Banks	Amortised Cost				
Closing balance 31/12/2017		1,154	-	-	1,154
Remeasurement (ECL allowance)		-	-	(0)	(0)
Opening balance 1/1/2018					**1,154**
Loans and advances to credit institutions	Amortised Cost				
Closing balance 31/12/2017		2,092	-	-	2,092
Remeasurement (ECL allowance)		-	-	(0)	(0)
Opening balance 1/1/2018					**2,092**
Loans and advances to customers	Amortised Cost				
Closing balance 31/12/2017		44,885	-	-	44,885
Reclassification to Loans and advances to customers mandatorily at FVTPL		-	(118)	-	(118)
Remeasurement (ECL allowance)		-	-	(1,656)	(1,656)
Opening balance 1/1/2018					**43,111**
Debt securities at amortised cost	Amortised Cost				
Closing balance 31/12/2017		23	-	-	23
Reclassification to Financial assets mandatorily at FVTPL		-	(23)	-	(23)
Opening balance 1/1/2018					**0**
Reverse repos with customers	Amortised Cost				
Closing balance 31/12/2017		89	-	-	89
Remeasurement (ECL allowance)		-	-	(0)	(0)
Opening balance 1/1/2018					**89**
Other Financial instruments within Other Assets	Amortised Cost				
Closing balance 31/12/2017		983	-	-	983
Remeasurement (ECL allowance)		-	-	(33)	(33)
Opening balance 1/1/2018					**950**
Total financial assets measured at amortised cost under IFRS 9		**49,226**	**(141)**	**(1,689)**	**47,395**

Amounts in million euros (Unless otherwise stated)

Group	IAS 39 measurement	IAS 39 carrying amount 31/12/2017	Reclassifications	Remeasurements	IFRS 9 carrying amount 1/1/2018
Financial assets at FVTPL under IFRS 9					
Financial assets at FVTPL (debt securities)	FVTPL				
Closing balance 31/12/2017		1,476	-	-	1,476
Reclassification to Derivative financial instruments - assets		-	(0)	-	(0)
Reclassification from Derivative financial instruments - assets		-	5	-	5
Reclassification from Debt securities at amortised cost		-	23	-	23
Remeasurement due to reclassifications		-	-	(9)	(9)
Opening balance 1/1/2018					**1,495**
Financial assets at FVTPL (equity securities)	FVTPL				
Closing balance 31/12/2017		24	-	-	24
Reclassification from Investment Securities (Equity securities available for sale)		-	111	-	111
Opening balance 1/1/2018					**134**
Derivative financial instruments - assets	FVTPL				
Closing balance 31/12/2017		460	-	-	460
Reclassification from Debt securities at FVTPL (Trading portfolio)		-	0	-	0
Reclassification from Available for sale securities		-	22	-	22
Reclassification to Loans and advances to customers mandatorily at FVTPL		-	(5)	-	(5)
Reclassification to Financial assets at FVTPL		-	(5)	-	(5)
Opening balance 1/1/2018					**472**
Loans and advances to customers mandatorily at FVTPL					
Closing balance 31/12/2017		-	-	-	-
Reclassification from Loans and advances to customers at amortised cost		-	118	-	118
Reclassification from Derivative financial instruments - assets		-	5	-	5
Remeasurement to fair value		-	-	(16)	(16)
Opening balance 1/1/2018					**107**
Total financial assets measured at FVTPL under IFRS 9		**1,960**	**274**	**(25)**	**2,208**

Amounts in million euros (Unless otherwise stated)

Bank	IAS 39 measurement	IAS 39 carrying amount 31/12/2017	Reclassifications	Remeasurements	IFRS 9 carrying amount 1/1/2018
Financial assets at FVTPL under IFRS 9					
Financial assets at FVTPL (debt securities)	FVTPL				
Closing balance 31/12/2017		1,476	-	-	1,476
Reclassification to Derivative financial instruments - assets		-	(0)	-	(0)
Reclassification from Derivative financial instruments - assets		-	5	-	5
Reclassification from Debt securities at amortised cost		-	23	-	23
Remeasurement due to reclassifications		-	-	(9)	(9)
Opening balance 1/1/2018					**1,495**
Financial assets at FVTPL (equity securities)	FVTPL				
Closing balance 31/12/2017		-	-	-	-
Reclassification from Investment Securities (Equity securities available for sale)		-	111	-	111
Opening balance 1/1/2018					**111**
Derivative financial instruments - assets	FVTPL				
Closing balance 31/12/2017		461	-	-	461
Reclassification from Debt securities at FVTPL (Trading portfolio)		-	0	-	0
Reclassification from Available for sale securities		-	22	-	22
Reclassification to Loans and advances to customers mandatorily at FVTPL		-	(5)	-	(5)
Reclassification to FVTPL (Debt securities)		-	(5)	-	(5)
Opening balance 1/1/2018					**473**
Loans and advances to customers mandatorily at FVTPL					
Closing balance 31/12/2017		-	-	-	-
Reclassification from Loans and advances to customers at amortised cost		-	118	-	118
Reclassification from Derivative financial instruments - assets		-	5	-	5
Remeasurement to fair value		-	-	(16)	(16)
Opening balance 1/1/2018					**107**
Total financial assets measured at FVTPL under IFRS 9		**1,938**	**274**	**(25)**	**2,186**

Amounts in million euros (Unless otherwise stated)

Group	IAS 39 measurement	IAS 39 carrying amount 31/12/2017	Reclassifications	Remeasurements	IFRS 9 carrying amount 1/1/2018
Financial assets at FVOCI under IFRS 9					
Available for sale securities	Fair value through AFS Reserve				
Closing balance 31/12/2017		2,204	-	-	2,204
Reclassification to: Financial assets at FVOCI (debt securities)		-	(1,902)	-	(1,902)
Reclassification to: Financial assets at FVOCI (equity securities)		-	(169)	-	(169)
Reclassification to: Financial assets mandatorily at FVTPL		-	(111)	-	(111)
Reclassification to Derivative financial instruments - assets		-	(22)	-	(22)
Opening balance 1/1/2018					**(0)**
Financial assets at FVOCI (debt securities)					
Closing balance 31/12/2017		-	-	-	-
Reclassification from Available for sale		-	1,902	-	1,902
Opening balance 1/1/2018					**1,902**
Financial assets at FVOCI (equity securities)					
Closing balance 31/12/2017		-	-	-	-
Reclassification from Available for sale		-	169	-	169
Opening balance 1/1/2018					**169**
Total financial assets measured at FVOCI under IFRS 9		**2,204**	**(133)**	**0**	**2,071**

Amounts in million euros (Unless otherwise stated)

Bank	IAS 39 measurement	IAS 39 carrying amount 31/12/2017	Reclassifications	Remeasurements	IFRS 9 carrying amount 1/1/2018
Financial assets at FVOCI under IFRS 9					
Available for sale securities	Fair value through AFS Reserve				
Closing balance 31/12/2017		2,019	-	-	2,019
Reclassification to: Financial assets at FVOCI (debt securities)		-	(1,724)	-	(1,724)
Reclassification to: Financial assets at FVOCI (equity securities)		-	(163)	-	(163)
Reclassification to: Financial assets mandatorily at FVTPL		-	(111)	-	(111)
Reclassification to Derivative financial instruments - assets		-	(22)	-	(22)
Opening balance 1/1/2018					**(0)**
Financial assets at FVOCI (debt securities)					
Closing balance 31/12/2017		-	-	-	-
Reclassification from Available for sale		-	1,724	-	1,724
Opening balance 1/1/2018					**1,724**
Financial assets at FVOCI (equity securities)					
Closing balance 31/12/2017		-	-	-	-
Reclassification from Available for sale		-	163	-	163
Opening balance 1/1/2018					**163**
Total financial assets measured at FVOCI under IFRS 9		**2,019**	**(133)**	**0**	**1,886**

The financial assets at FVTOCI debt securities are Stage 1 and the ECL impact amounted to € 27 million for the Group and the Bank as at 1/1/2018.

54.7 Reconciliation of the ECL allowance

The following tables reconcile the allowance for impairment losses measured in accordance with the IAS 39 incurred loss model and the provisions for loan commitments and financial guarantee contracts in accordance with IAS 37 as at 31/12/2017 to the ECL allowance in accordance with the IFRS 9 expected credit loss model at 1/1/2018:

Amounts in million euros (Unless otherwise stated)

Group	Measurement under IAS 39 / IAS 37	Measurement under IFRS 9	Allowance for impairment under IAS 39 and Provisions under IAS 37 (31/12/2017)	Remeasurements	Allowance for impairments under IFRS 9
Cash and balances with Central Banks	Amortised Cost	Amortised Cost	-	(0)	(0)
Loans and advances to credit institutions	Amortised Cost	Amortised Cost	-	(0)	(0)
Loans and advances to customers at amortised cost	Amortised Cost	Amortised Cost	(15,378)	(1,724)	(17,102)
Debt securities at amortised cost	Amortised Cost	Amortised Cost	-	-	-
Reverse repos with customers	Amortised Cost	Amortised Cost	-	(0)	(0)
Other Financial Instruments within Other Assets	Amortised Cost	Amortised Cost	(223)	(34)	(257)
Investment securities (debt securities)	Fair value through AFS Reserve	FVTOCI	-	(27)	(27)
Total			**(15,601)**	**(1,785)**	**(17,386)**
Loan commitments	Off Balance sheet	Off Balance sheet	-	(17)	(17)
Financial guarantees	Off Balance sheet	Off Balance sheet	-	(137)	(137)
Total			**0**	**(154)**	**(154)**

Bank	Measurement under IAS 39 / IAS 37	Measurement under IFRS 9	Allowance for impairment under IAS 39 and Provisions under IAS 37 (31/12/2017)	Remeasurements	Allowance for impairments under IFRS 9
Cash and balances with Central Banks	Amortised Cost	Amortised Cost	-	(0)	(0)
Loans and advances to credit institutions	Amortised Cost	Amortised Cost	-	(0)	(0)
Loans and advances to customers at amortised cost	Amortised Cost	Amortised Cost	(14,659)	(1,656)	(16,315)
Debt securities at amortised cost	Amortised Cost	Amortised Cost	-	-	-
Reverse repos with customers	Amortised Cost	Amortised Cost	-	(0)	(0)
Other Financial Instruments within Other Assets	Amortised Cost	Amortised Cost	(150)	(33)	(184)
Investment securities (debt securities)	Fair value through AFS Reserve	FVTOCI	-	(27)	(27)
Total			**(14,810)**	**(1,716)**	**(16,526)**
Loan commitments	Off Balance sheet	Off Balance sheet	-	(16)	(16)
Financial guarantees	Off Balance sheet	Off Balance sheet	-	(137)	(137)
Total			**0**	**(154)**	**(154)**

54.8 IFRS 9 FTA impact on Total Equity

Amounts in million euros (Unless otherwise stated)

The table below discloses the total impact, as well as reclassifications within Total Equity, as at 1/1/2018:

	Group	Bank
	IFRS 9 FTA Impact 1/1/2018	
AFS Reserve		
Closing balance under IAS 39 (31/12/2017)	79	90
Reclassifications to Reserve from financial assets at FVOCI (debt securities)	(85)	(82)
Reclassifications to Reserve from financial assets at FVOCI (equity securities)	(7)	(8)
Transfer to Retained Earnings	13	(1)
Opening balance under IFRS 9 (1/1/2018)	**0**	**0**
Reserve from financial assets at FVOCI (debt securities)		
Reclassifications from AFS Reserve	85	82
Recognition of expected credit losses under IFRS 9	27	27
Opening balance under IFRS 9 (1/1/2018)	**112**	**108**
Reserve from financial assets at FVOCI (equity securities)		
Reclassifications from AFS Reserve	7	8
Opening balance under IFRS 9 (1/1/2018)	**7**	**8**
Retained earnings		
Closing balance under IAS 39 (31/12/2017)	(8,327)	(8,468)
Transfer from AFS Reserve	(13)	1
Remeasurements due to Reclassifications	(25)	(25)
Recognition of ECL allowance under IFRS 9	(1,944)	(1,870)
Deferred tax	1	-
Opening balance under IFRS 9 (1/1/2018)	**(10,308)**	**(10,362)**

In the movement of Retained Earnings in “Recognition of expected credit losses” under IFRS 9 FTA impact from discontinued operations, amounting to € 5 million has been included.

Amounts in million euros (Unless otherwise stated)

54.9 Remeasurements in the ECL allowance for loans and advances to customers at amortised cost per portfolio and stage

The table below analyses the remeasurement in the ECL allowance for loans and advances to customers per portfolio and stage as at 1/1/2018:

Group	Gross balance as at 31/12/2017 - IAS 39 & 1/1/2018 IFRS 9				ECL allowance for loans and advances to customers under IAS 39 as at 31/12/2017				Remeasurement of the ECL allowance for loans and advances to customers at amortised cost under IFRS 9 as at 1/1/2018				Difference between IAS 39 and IFRS 9 in the allowance for impairment losses on loans and advances to customers			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail	**7,874**	**4,008**	**8,782**	**20,665**	**(37)**	**(266)**	**(3,625)**	**(3,927)**	**(35)**	**(562)**	**(3,937)**	**(4,534)**	**2**	**(296)**	**(312)**	**(606)**
Mortgages	6,464	3,013	5,706	15,183	(6)	(72)	(1,673)	(1,751)	(5)	(257)	(1,696)	(1,958)	0	(185)	(22)	(207)
Consumer, personal & other	935	896	2,564	4,395	(28)	(192)	(1,558)	(1,778)	(27)	(296)	(1,804)	(2,126)	1	(104)	(245)	(348)
Credit cards	476	99	511	1,087	(3)	(2)	(393)	(398)	(3)	(9)	(437)	(449)	0	(7)	(44)	(51)
Receivables from finance leases (retail)	0	-	0	0	(0)	-	(0)	(0)	(0)	-	(0)	(0)	(0)	-	(0)	(0)
Corporate loans	**11,183**	**3,710**	**22,656**	**37,549**	**(129)**	**(141)**	**(11,145)**	**(11,416)**	**(122)**	**(341)**	**(12,105)**	**(12,567)**	**8**	**(200)**	**(959)**	**(1,152)**
Public Sector	**1,690**	**5**	**72**	**1,767**	**(35)**	**(0)**	**(0)**	**(36)**	**(1)**	**(1)**	**(0)**	**(1)**	**34**	**(0)**	**0**	**34**
Total	**20,747**	**7,724**	**31,510**	**59,981**	**(201)**	**(407)**	**(14,771)**	**(15,378)**	**(157)**	**(903)**	**(16,042)**	**(17,102)**	**44**	**(497)**	**(1,271)**	**(1,724)**

Bank	Gross balance as at 31/12/2017 - IAS 39 & 1/1/2018 - IFRS 9				ECL allowance for loans and advances to customers under IAS 39 as at 31/12/2017				Remeasurement of the ECL allowance for loans and advances to customers at amortised cost under IFRS 9 as at 1/1/2018				Difference between IAS 39 and IFRS 9 in the allowance for impairment losses on loans and advances to customers			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail	**7,690**	**3,982**	**8,751**	**20,423**	**(36)**	**(265)**	**(3,612)**	**(3,912)**	**(34)**	**(560)**	**(3,923)**	**(4,518)**	**1**	**(296)**	**(311)**	**(606)**
Mortgages	6,351	2,991	5,683	15,026	(5)	(72)	(1,665)	(1,742)	(5)	(256)	(1,686)	(1,947)	0	(184)	(21)	(205)
Consumer, personal & other	871	891	2,557	4,320	(28)	(191)	(1,555)	(1,773)	(27)	(295)	(1,800)	(2,122)	1	(104)	(245)	(349)
Credit cards	468	99	511	1,078	(3)	(2)	(392)	(397)	(2)	(9)	(437)	(448)	0	(7)	(44)	(51)
Corporate loans	**11,949**	**3,931**	**21,359**	**37,239**	**(118)**	**(132)**	**(10,462)**	**(10,712)**	**(113)**	**(312)**	**(11,371)**	**(11,796)**	**5**	**(180)**	**(909)**	**(1,084)**
Public Sector	**1,688**	**5**	**71**	**1,764**	**(35)**	**(0)**	**(0)**	**(35)**	**(1)**	**(1)**	**(0)**	**(1)**	**34**	**(0)**	**0**	**34**
Total	**21,327**	**7,919**	**30,180**	**59,427**	**(188)**	**(397)**	**(14,074)**	**(14,659)**	**(148)**	**(873)**	**(15,294)**	**(16,315)**	**40**	**(476)**	**(1,220)**	**(1,656)**

55 IFRS 16 “Leases” First Time Adoption Transitional Disclosures

On 1/1/2019, the Group and the Bank implemented the requirements of IFRS 16 “Leases” (IFRS 16). These transitional disclosures to the IFRS 16 provide information relevant to understanding the impact of the new accounting standard on the Group and the Bank’s financial statements as at 1/1/2019.

Management commenced the IFRS 16 Program in Q2.2018. In the context of the implementation of this program, an appropriate Governance, Steering Committee, Project Management Office, and various project teams, were established with participants from several of the Bank’s Units and its subsidiaries. The IFRS 16 Steering Committee, participated actively throughout the process, ensuring efficient, effective, accurate and timely implementation of the IFRS 16 Program.

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

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

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

The Group and the Bank as a lessee, has assessed the estimated IFRS 16 FTA impact as at 1/1/2019 will have on the Group and the Bank, as described below. Management, continues to test and refine the governance framework, the new accounting processes and internal controls necessitated by the adoption of IFRS 16. Therefore, the estimation of the IFRS 16 FTA impact remains subject to change until the finalisation of the Consolidated and Separate Financial Statements for the year ending 31/12/2019.

Nature of the change in accounting policy

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

IFRS 16 replaces leases guidance, including IAS 17, IFRIC 4 “Determining whether an Arrangement contains a Lease”, SIC-15 “Operating Leases – Incentives” and SIC-27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease” and sets out the principles for the recognition, measurement, presentation and disclosure of leases.

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

Management applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019. The new definition in IFRS 16 does not change significantly the scope of contracts that meet the definition of a lease for the Group and the Bank.

Under IFRS 16, the Group and the Bank recognise new assets (Right of Use - RoU) and lease liabilities for all its lease contracts that fulfil the definition of a lease. These liabilities are initially measured at the present value of the future lease payments discounted at the lessee's incremental borrowing rate. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

The cost of the RoU assets comprise:

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

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

(c) any initial direct costs; and

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

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

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

Management, also adopted the practical expedient in cases of lease contracts with non – lease components, meaning that Management elected, by class of underlying asset, not to separate non-lease components from lease components, and instead accounts for each lease component and any associated non-lease components as a single lease component. It should be noted that this practical expedient did not apply for leases assessed in the transition period.

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

Accounting policies relating to:
a) the finance leases in which the Group and the Bank is a lessee and
b) the leases in which the Group and the Bank is a lessor remain mainly the same.

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

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

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

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

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

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

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

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

The Group and the Bank's lease portfolio

Leases in which the Group and the Bank is a lessee

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

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

Contracts with indefinite duration are not in the scope of IFRS 16, as mentioned above. Hence, the Group and the Bank has a total of 389 out of 1,373 contracts with unlimited lease term and with an annual rental expense of €6 million which have been excluded from the scope as these contracts do not meet the definition of a leasing contract as provided by IFRS 16.

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

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

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

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

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

Leases in which the Group and the Bank is a lessor

Investment property

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

Sale – and – leaseback

The Group's sale – and – lease back properties have been contracted within the normal course of business of the Group's leasing companies. The Bank does not have any sale and leaseback properties.

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

Upon the adoption of IFRS 16 on 1/1/2019, the Group and the Bank will recognised an additional €117 million and €166 million of lease liabilities for the leasing contracts that fall within the scope of IFRS 16 respectively. The RoU asset was set equal to the lease liability amount and therefore there was no impact on Total Equity as at the transition date.

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

The following table presents the reconciliation of the operating lease commitments in accordance with IAS 17 as disclosed in these Annual Financial Statements as of 31/12/2018, to the lease liabilities recognised as of 1/1/2019 based on the provisions of IFRS 16:

Amounts in million euros (Unless otherwise stated)

	Group	Bank
Operating lease commitment at 31/12/2018 as disclosed for the Group and the Bank under IAS 17	132	188
Total Operating Lease Liabilities as at 31/12/2018 under IAS 17	132	188
Less: Recognition exemption for short term leases	2	3
Adjusted Total Operating Lease Liabilities as at 31/12/2018 under IAS 17	129	185
Less: Discounting effect of operating lease liabilities using the IBR at 1/1/2019	13	19
Total Operating Lease liabilities recognised as at 1/1/2019 under IFRS 16	117	166
Finance lease liabilities recognised as at 31/12/2018	40	1
Total Lease liabilities recognised as at 1/1/2019 under IFRS 16	157	167

The Group and the Bank have not restated the comparative financial figures as it followed the modified retrospective approach of IFRS 16

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

56 Events Subsequent to the End of the Year

- On 28/2/2019, Piraeus Bank completed the sale of its shareholding (98.83%) in its Albanian subsidiary, Tirana Bank Sh.A., to Balfin Sh.p.k. and Komercijalna Banka AD, after receiving the required approvals from the competent regulatory authorities in Albania, including the Bank of Albania, as well as the Hellenic Financial Stability Fund. The total consideration amounted to € 57 million and the transaction was capital accretive for Piraeus Bank Group.

- Piraeus Bank has entered into an agreement on 7/11/2018, with Eurobank Ergasias S.A. for the sale of its shareholding stake in Piraeus Bank Bulgaria to Eurobank Bulgaria AD. The consideration for the said stake is € 75 million. The transaction is subject to customary conditions, including approvals of the HFSF and is expected to be completed by the end of April 2019.

- Piraeus Bank’s London branch loan portfolio has been further deleveraged in 2019, with the sale of a € 33 million loan portfolio on 15/3/2019, in combination with additional recoveries to date, decreasing the residual outstanding balance to € 377 million as at 28/2/2019; € 293 million are under run-off mode and for the remaining € 84 million ongoing deleveraging actions are in progress.

- The provisions of Greek Law 3869/2010 regarding the protection of primary residence, as amended by Article 14 of Law 4346/2015, ceased to be in force on 28/2/2019, in accordance with Greek Law 4592/2019. On 29/3/2019, the new legal framework regarding the protection of primary residence was voted by the Hellenic Parliament. The amendments introduces a scheme to reduce the eligible perimeter and to subsidize the repayment of residential and business loans with mortgage in the primary residence of individuals. This program pursues the following two purposes: a) to provide a new framework for the protection of primary residence for economically weak individuals and b) to introduce a restructuring mechanism for non-performing residential and corporate loans, which are secured by a mortgage on primary residence. Applications will be made until 31/12/2019 via a digital platform, which will automatically check eligibility.

- On 29/3/2019, an amendment to corporate income tax legislation was ratified by the Hellenic Parliament, which clarifies the means of collection from the Greek State of the withholding tax receivables withheld from the Greek banks, as set out in Note 17.

Athens, 29 March 2019

CHAIRMAN OF THE BOARD OF DIRECTORS	MANAGING DIRECTOR	CHIEF FINANCIAL OFFICER
GEORGE P. HANDJINICOLAOU ID No X 501829	CHRISTOS I. MEGALOU ID No AE 011012	KONSTANTINOS S. PASCHALIS ID No AZ 630875 License No Class A 29358

I. Payments made on a consolidated basis for the year 2018 due to promotion and advertising expenses to Media Companies (according to par. 1 article 6 of Law 4374/2016)

Creditor	Amounts in thousand €
1984 PRODUCTIONS A.E.	22.00
24 MEDIA M.E.P.E.	152.35
2K PROJECT E.P.E.	0.60
A. MYKONIATHS A.E.	14.40
A. PAPADOPOYLOY & SIA E.E.	1.50
A.S.A.P YPHRESIES MARKETING	7.41
ABP EKDOTIKH IKE	8.00
ACHAIKI RADIOFONIA EKDOTIKI A.E.	11.52
ADESMEYTH ENHMEROSH I.K.E.	11.00
ADVANCE IT SQUARE MON E.P.E.	5.00
ADWEB LTD ETAIREIA PERIORISMENHS EYTHYNHS	28.51
AFOI THEOD. NIKOLOPOULOI O.E.	16.37
AGRO BROKERS LTD	7.40
AGROTYPOS A.E.	10.62
AISOOY YPHRESIES INTERNET E.P.E.	1.25
AKOH ANONYMH DIAXEIRISTIKH ETAIRIA RADIOFONIKON PROGRAMMATON	0.56
AKTH MIAOYLH PUBLICATIONS IKE	10.20
AL TSANTIRI.GR	1.62
ALHTHINO RADIOPHONO A.E. - RADIOTHLEOPTIKES EPIXEIRHSEIS	205.41
ALPHA DORYFORIKI THLEORASH S.A.	342.70
ALPHA RADIOPHONIKH A.E.	89.57
ALPHA RADIOPHONIKH KRONOS A.E.	1.64
ALTER EGO MME A.E.	704.63
ANEKSARTHTA MESA MAZIKHS ENHMEROSHS A.E.	147.30
ANNA KALAITZI KAI SIA E.E.	1.53
ANNA NIKOLOPOYLOY KAI SIA E.E.	11.00
ANTARHS IDIOTIKH KEPHALAIOYXIKH ETAIREIA	1.50
ANTENNA TV A.E.	1,026.24
ANTHOS ASTIKH MH KERDOSKOPIKH ET.	4.05
ARETH - ANNA E. TZALLA & SIA E.E.	4.30
ARGYROPOYLOY POLYKSENI	1.00
ATH. TATSHS & SIA E.E.	1.00
ATHANASIADHS E. XRHSTOS EPHHMERIDA AGROTIKH EKPHRASH	1.50
ATHANASIOS AL. ARAMPATZHS PANERRAIKH EBDOMAD. EPHHM.	7.00
ATHANASIOY EYAGGELOS & SIA E.E.	3.03
ATHANASIOY DAMIANOS	0.80
ATHENS BOIS AN. EKD. & DIAPHHM. ETAIREIA	56.00
ATHHNAIKO PRAKT. EIDHS. - MAKEDON. PRAKT. EIDHS. A.E.	72.00
ATHLETIC PRODUCTIONS IKE	0.80

Creditor	Amounts in thousand €
ATMATZIDHS PAN. XRHSTOS	1.00
ATTIKA POLYKATASTHMATA A.E.	7.50
ATTIKES EKDOSEIS ANON. EKDOT. ETAIREIA	2.00
AUTOFOCUS - ASTIKI MI KERDOSKOPIKI ETAIREIA	1.60
B. MORPHIADIS K SIA E.E.	33.00
B. SKOYTARAS A.E.	34.00
BANKINGNEWS A.E.	77.00
BARBARA E. GKIGKILINI POLITIKA TIS KYRIAKIS	0.12
BAS. I. KARYDIS & SIA O.E. - EKDOTIKI TRIPOLEOS	1.00
BASILIS ZAMPOYNIS	7.50
BASILIKH NTOYFEKSH - THL/KES YPHRESIES	0.20
BAV MEDIA - XRHSTOS NIK. MPELOGIANNHS	9.20
BERGINA A.E.	4.64
BESKOS S. KARAPAPAS O.E. (OPINION PRESS)	3.00
BOREIA ENHMEROTIKH A.E.	18.10
BOULEVARD FREE PRESS IKE	8.37
C.S. SPORT MEDIA MONOPROSOPH E.P.E.	6.00
CHOUTZOUMIS CHRISTOFOROS & SIA O.E.	1.20
CHRYSH EYKAIRIA A.E.	20.00
CODEX YPHR. DIADIKTIOY POLITH - SIAPHAKA MARIELIZE	3.00
COMMUNICATION LAB MON/PI E.P.E.	0.70
CRETALIVE E.P.E. DIKTYAKES PYLES	11.89
CRETAPOST.GR	7.20
CRISIS MONITOR VOULGARIDOU CHRYSA	6.40
D. A. ANONYMH EKDOTIKH EMPORIKH SYM/KH ETAIREIA	70.00
D. MPOYRAS K SIA E.E.	40.29
DANET E.P.E.	3.50
DAPHNH KONTARINH - MEDIA GROUP	1.00
DAPHNOPOTAMOS MON. E.P.E.	14.00
DELTA TILEORASI A.E.	9.76
DESMH EKDOTIKH A.E.	31.20
DHMHTRIOS ALEKS. KOLOBOS	10.90
DHMHTRIOS K. ZOYGRHS	4.00
DHMOKRATIKOS TYPOS A.E.	188.01
DHMOSIOGRAPHIKOS ORGANISMOS O XRONOS MONOPROSOPH I.K.E.	13.50
DHMOTIKH EPIX/SHS ENHMEROSHS IOANNINON	3.70
DIMERA EKDOTIKI ANWNYMI ETAIREIA	121.10
DIMOSIOGR. ORGAN. KONDYLI A.E.	4.00
DIOGENHS M.K.O	5.05
DIPHONO RADIOPHONIKES EKMETALLEYSEIS A.E.	3.00
DIRECTION BUSINESS NETWORK	20.00
DISTRATO E. SPIROU LTD	1.50
DITIONE LIMITED E.E.	14.00

Creditor	Amounts in thousand €
DOCUMENTO MEDIA	115.05
DOUSIS COM E.E. - DOYSHS ANASTASIOS & SIA E.E.	34.40
DPG DIGITAL MEDIA A.E.	188.64
DYO DEKA ANONYMH EKDOTIKH ETAIREIA	52.50
EIRHNH E. ANAGNOSTOY	9.60
EKD. LOGOTYPOS A.E.	8.10
EKDOSEIS EPENDYSH A.E.	0.15
EKDOSEIS EPIKAIRA A.E.	38.62
EKDOSEIS NEO XRHMA A.E.	104.00
EKDOSEIS PROTO THEMA EKDOTIKH A.E.	705.87
EKDOSEIS REYMATA A.E.	37.00
EKDOSEIS STAMOYLH A.E.	7.00
EKDOSEIS STO KARFI A.E.	3.00
EKSEREYNHTHS - EKSPLORER A.E.	37.10
ELENI I. DIAFONIDOY	0.80
ELEYTHERIA A.E.	30.20
ELEYTHERIA A.E.	1.00
ELEYTHERIA SOIMOIRH - SYMBOYLOI EPIXEIRHSEON	2.00
ELEYTHERIA TOY TYPOY EKDOTIKH A.E.	119.05
ELEYTHERIOS K. BAROYKSHS & YIOI O.E.	9.00
ELISABET KELESH	1.50
ENIKOS ANONYMH ETAIRIA	57.85
ENOSH APOSTRATON AKSIOMATIKON NAYTIKOY	9.60
ENTYPOEKDOTIKH A.E.B.E.T.	35.00
EPHHMERIS ESTIA ANONYMH EKDOTIKH ETAIREIA	65.00
EPIKOINONIA A.E.	4.44
EPIKOINONIA AIGAIOY A.E.	10.42
EPSILON PENCILTEAM COMMUNICATORS A.E.	9.18
ERINYA EIDISIS M. IKE	18.25
ERMHS A.E. RADIOTHL/KH - EKDOTIKH A.E.	10.06
ETHNIKOS KHRIX TIS NEAS YORKIS ELLAS E.P.E.	5.30
EUROMEDIA ACTION A.E.	41.20
FAN & COMMUNICATION A.E.	18.00
FAST RIVER	19.50
FILELEYTHEROS TYPOS A.E.	9.00
FILODASIKI ENOSIS PLATANOU	1.20
FINANCIAL MARKETS VOICE	14.05
FORTHNET MEDIA S.A.	78.66
FREE SUNDAY EKDOTIKH ANONYMH ETAIREIA & SIA E.E.	44.05
FREED A.E.	16.75
FREENET A.E.	4.00
G. NTOUPIS & G. PARIGORAKIS O.E.	16.45
GENIKES RADIOTHLEOPTIKES EPIX. A.E.	4.30

Creditor	Amounts in thousand €
GEORGIOS D. KARAIBAZ	1.00
GIANNOYLI PANAGIOTA MARIA - I ORA TIS FOKIDAS	1.20
GNOMI ARTAS M. IKE	1.00
GRAPHOTEXNIKH KRHTHS A.E.E.	8.40
GREEN AGENDA MONOPROSOPH IKE	9.60
GREEN BOX EKDOTIKH A.E.	63.83
GIANNARAS K. MIKES	4.20
GIWRGOS KANOYSIS	1.20
H AYGH A.E. EKD. & DHMOS ORG.	42.50
H KERKYRA SHMERA XONDROGIANNH XRYSOYLA XRISTINA	0.80
HAPPY PUBLICATIONS - IOANNHS ZOYNALHS MIKE	5.33
HELLASPRODUCTS E.P.E.	13.00
HIGH BOOKS IKE	2.00
HQ MEDIA I.K.E.	4.82
HT PRESS ONLINE MONOPROSOPH IKE	12.50
HTTPOOL HELLAS M. IKE	15.75
HXOS KAI RYTHMOS A.E.	80.17
I FONI TIS MANIS	0.56
I THESPROTIKI - ALEX. S. THEMELIS	3.50
I. & E. KOYTSOLIONTOY O.E.	10.10
I. DIONATOS & SIA E.E.	16.65
I. KOROMILIS A.E.	0.75
I.N. LEOUSIS	1.50
IDENTITY S.A.	1.20
IDIKOS LOGARIASMOS KONDYLION TOU ETHNIKOU ASTEROSKOPIOU	11.50
IKAROS RADIOTHLEOPTIKES EPIX/SEIS A.E.	62.14
IKONTAKT E.P.E.	2.50
IKOSI ENA MEDIA MONOPROSOPI I.K.E	1.50
INASO - PASEGES	0.70
INFOMARKET IKE	42.00
INTELLIGENT MEDIA E.P.E.	16.80
INTERBUS A.E.	612.92
INTERNASIONAL XERALNT TRIMPIOYN - KATHHMERINH AEE	0.22
INTRACORD E.P.E.	1.20
IOANNINA TV A.E.	7.56
IONIAN RADIOTHLEOPTIKES EPIXEIRISEIS A.E.	21.02
IOANNA KON. GIANNIOTI	3.00
I-TECH RAPHTOPOYLOS	1.00
J.O INFOCENT EPIKOINONIES MON. E.P.E.	6.75
K. TSIGKA & SIA E.E. (ALPHA MEDIA GROUP)	13.50
K. TSIGKA & SIA E.E. EKDOSEIS - RADIOPHONO	4.50
KAINOTOMIA & ANAPTYKSH MONOPROSOPH E.P.E.	36.80
KALAITZAKHS EKDOTIKES EPIXEIRHSEIS A.E.	4.80

Creditor	Amounts in thousand €
KALOGEROPOYLOY ELENH MON. IKE	10.00
KANTIA PLIROFORO MON/PI IKE	8.00
KAPITAL. GR A.E.	170.20
KAPSALHS GEORGIOS	7.50
KARTA A.E.	4.00
KASMIRLHS DHMHTRIOS	1.00
KATHHMERINES EKDOSEIS ANONYMH ETAIREIA	734.30
KATHIMERINI S.A.	4.00
KATSATOY PHNELOPH KAI SIA E.E.	24.00
KOINONIA TON (DE)KATON	2.25
KONSTANTINOS I. KONSTANTARAS	2.30
KONSTANTINOS PAPAMIXALAKIS	6.00
KONTRA IKE	80.00
KOOL WORKS S.A.	2.94
KOTROTSOS PAYL. SERAPHEIM	11.00
KOYTSHS I. DHMHTRHS	0.80
KYKLOS A.E.	92.60
LAMIAKOS TYPOS A.E.	0.80
LEFT MEDIA ANONYMOS RADIOPHONIKH - THLEOPTIKH A.E.	30.00
LEPANTO - R.TV	15.41
LETSAKOS - MPOYSMPOYRELIS O.E.	6.00
LIQUID MEDIA ETAIREIA PARAGOGHS ANTIPROSOPEION & EMPORIKHS EKMETALLEYSHS PSHPHIAKON MME PERIEXOMENOY	101.30
LOCAL NEWS DHMHTRIOS K. TOLHS MONOPROSOPH IKE	10.78
M. XALKOY EKDOSEIS PSHPHIAKA M.M.E.	18.00
MAKAS KONSTANTINOS	0.20
MAKEDONIA ENHMEROSI A.E.	5.00
MALAPETSAS I. KOSTAS	7.20
MANESIOTIS NIK. PSOMIADIS KON. O.E.	21.00
MARAGKELLIS NIKOLAOS	2.00
MARATHON PRESS IKE	8.50
MARIA BASILAKH EKDOTIKES EPIXEIRHSEIS	28.50
MARINA G. TOYLA & SIA O.E.	4.80
MARKETING AND MEDIA SERVICES MONOPROSOPH	3.00
MASTER MINDS PRIVATE COMPANY	4.50
MAXITIS TYPOEKDOTIKI TSAKNAKIS & SIA O.E.	1.00
MCVICTOR & HAMILTON S.A.	2.00
MEDIA - EPIKOINONIA A.E./EKDOTIKI - TILEOPTIKI A.E.	0.80
MEDIA & ART - IOANNHS KYRIAKOPOYLOS & SIA E.E.	6.50
MEDIA LINE IKE	2.60
MEDIA2DAY EKDOTIKH A.E.	167.02
MEDIAVIEW EKDOTIKH ETAIREIA - NIKOLAOS STASINOS & SIA O.E.	0.91
MEDIHOLD EKDOTIKH DIAPHHMISTIKH A.E.	9.00
MELODIA A.E.	3.00

Creditor	Amounts in thousand €
MEMMOS X. - A. & SIA O.E.	12.40
MESSINIAKI RADIOPHONIA TILEORASI A.E.	1.09
METRON ARISTON	24.00
METRONTHL MON IKE	32.44
MINDTHEGAP MEDIA COMMUNICATIONS MON IKE	4.00
MONOCLE MEDIA LAB - MONONEWS MIKE	54.30
MPALH BAS. SOPHIA	13.50
MPARKA - PARASXH ANASTASIA	4.50
MPEXLIBANOS I. XRHSTOS	12.40
MPONIOS G. BASILEIOS	2.00
MPOYSIAS EPIKOINONIES E.P.E.	4.66
MPOYTHAS KONSTANTINOS TOY PETROY - IMERISIA	1.20
MYRTO ARIST. KAZI	0.60
MYSTUDENTPASS.GR	0.50
N. KATSARAKIS & SIA E.E. "O SYNTAKTIS"	1.11
N.S.P. RADIO RADIOFONIKI A.E.	3.68
NAG S.A. - P. KOUTSOUKOS - A. MPOUSTRAS - YPHRESIES MEDIA & DIADIKTYOU	5.00
NAYTIKO MOYSEIO THS ELLADOS	2.00
NEA PASEGES - SOMATEIO	2.80
NEA THLEORASH A.E.	311.52
NEO RADIOFONO TON DHMOSIOGRAFON E.P.E.	59.00
NEW COMMUNICATION	13.00
NEW MEDIA NETWORK SYNAPSIS S.A.	101.50
NEW POST PRIVATE COMPANY - DIADIKTYAKES YPHRESIES	54.50
NEW TIMES PUBLISHING I.K.E.	3.10
NEWSIT E.P.E.	95.60
NEWSMEDIA IKE	0.50
NK MEDIA GROUP E.P.E.	57.00
NTOKOY KON. GEORGIA/EPHHMER. EPATHLO	5.50
NIKOLAOS XR. ZARMPALAS	1.25
ODEON CINEMAS A.E.	41.67
OLIVE MEDIA A.E.	19.00
OLYMPIAKH RADIOPHONIA THLEORASHS A.E.	8.98
OPINION POST ILEKTRONIKES EKDOSEIS A.E.	3.00
OPTIMA '92 E.P.E.	2.40
ORGANISMOS MESON MAZIKIS EPIKOINONIAS A.E.	2.97
OTE S.A.	57.99
P. ATHANASIADHS & SIA A.E.	96.34
P. D. EKDOSEIS E.P.E. - DEAL NEWS	94.00
PAGKRHTIA RADIOTHLEORASH A.E.	24.40
PALO PSHPHIAKES TEXNOLOGIES E.P.E.	10.90
PANAGIOTOPOYLOS XRHSTOS & SIA O.E.	8.50
PANHPEIROTIKH THLEORASH TV A.E.	8.20

Creditor	Amounts in thousand €
PANMAR EKDOTIKH MON. E.P.E.	1.20
PAPADAKHS G. MIXALHS	5.00
PAPADOPOYLOY TH. EYDOKIA MARKETALL.EU	1.40
PAPANIKOLAOY PHROSO	6.60
PARA ENA YPHRESIES DIADIKTYOY DIAPHHMISH E.P.E.	90.08
PARALOT & MEDIA MARKETING LTD	1.00
PARAPOLITIKA EKDOSEIS A.E.	122.70
PATSIKA PERISTERA & SIA E.E.	1.20
PELOPONNHSOS PATRON EKDOSEIS A.E.	16.50
PERFECT MEDIA ADVERTISING MIKE	14.00
PHELNIKOS HLEKTRONIKON MESON ENHMEROSHS M.E.P.E.	37.50
PHILELEYTHEROS EKDOTIKH A.E.	120.00
PMS IKE	2.70
PNEYMA A.E.	2.00
POLITIS O.E.	1.31
POYGARIDIS K. ANTONIS	1.20
PREMIUM A.E. EPIKOIN. PAROXHS YP. & EREYNON	76.50
PRESS AYTODIOIKISI I.K.E.	1.00
PRIME APPLICATIONS A.E.	124.64
PRISMANET A.E.	8.40
PROTAGKON A.E. P. YPHR. DIADIKT. & ENTYPON	40.70
QUIZDOM ELLADA GREEK BRANCH	2.00
RADIO PLAN BEE	3.00
RADIO THESSALONIKH A.E.	18.34
RADIOPHONIKES EPIXEIRHSEIS RADIO NORTH 98FM E.P.E.	1.19
RADIOPHONIKES PARAGOGES A.E./OASIS 88 FM	37.75
RADIOPHONIKH EPIKOINONIA A.E.	30.96
RADIOTHLEOPTIKA HLEKTRONIKA EKDOTIKA MESA ELLADOS A.E. TO PARON THS KYRIAKHS	52.00
RADIOTHLEOPTIKES EPIXEIRHSEIS HPEIROS A.E.	18.30
RADIOTHLEOPTIKH & DIAPHHMISTIKH ETAIREIA A.E.	3.86
RADIOTHLEOPTIKH S.A.	17.88
RADIOTILEOPTIKI ATTIKIS S.A./HIGH TV	2.23
RADIOFONIKES & THLEPIKOINONIAKES EPIXEIRHSEIS A.E.E.	1.66
RADIOTHLEOPTIKES EPIX/SEIS EASY FM A.E.	101.31
RADIOTILEOPTIKES EPIX/SEIS MAGNISIAS - ASTRA A.E.	2.22
REA GYNAIKOLOGIKI KLINIKI	3.65
REAL MEDIA MESA MAZIKHS ENHMEROSHS A.E.	138.53
REPORT PRIVATE COMPANY	6.50
S. APOSTOLIDHS KAI SIA E.E.	4.83
S. BAGOYRDHS A.B.E.E.	0.80
SABBOPOYLOS ALEKSANDROS	0.20
SABD EKDOTIKH A.E.	127.24
SARISA E.P.E. EKDOSEIS	30.75

Creditor	Amounts in thousand €
SARONIC GLAM I.K.E.	2.02
SARONIC PRESS LAOYSI AIKATERINI	2.00
SATKO MEDIA TV D. TRAMPAS	20.50
SAXLI G. MARIA	1.00
SBC SINGLE MEMBER PRIVATE COMPANY	1.57
SBC TV THLEOPTIKES EPIX/SEIS ANONYMOS ETAIREIA	3.14
SBD IKE	7.00
SERRAIKES EKDOSEIS E.P.E.	1.20
SETTINI MEDIA IKE EKDOSEIS ENTYPON	0.80
SIMITSI THEODORA MONOPROSOPI IKE	3.00
SIMOYSI E.E.	18.00
SKAI EIDHSEIS NTOT KOM	445.10
SOLAR MEDIA A.E.	2.44
SOTHRIOS P. POLYZOS	6.90
SPANOY AGGELIKH IKE - ZOOMNEWS	17.00
SPORT NEW MEDIA MONOPROSWPI IKE	1.00
SPORT TV RADIOTHLEOPTIKH PROBOLH A.E.	5.38
SPORTDOG IKE	0.75
SPORTNEWS YPHRESIES DIADIKTYOY A.E.	8.50
SPYROS KAMPIOTHS & SIA O.E.	6.00
STAR A.E. RADIOTHLEOPTIKOS ORGAN. KENTRIKHS ELLADOS	1.30
STARTCOM E.P.E.	0.40
STAYROS PAPAGIANNAKIS	1.20
STIGMA RADIOPHONIKES EPIX/SEIS A.E.	14.04
STOIKOS ST. & SIA O.E.	0.18
SXHMA KOIN. S. EP.	4.25
SYGXRONH EPOXH EKDOTIKH A.E.B.E.	15.00
SYNEIDISI A.E.	7.20
SYRGKANH LAM PARASKEYH	9.00
SYSTEM MEDIA ART A.E.	3.30
TA NEA THS TEXNHS I.K.E.	18.00
TEDXATHENS EVENT COMPANY	25.00
TEKMIRIOSI M. E.P.E.	2.00
TELIA COMMUNICATION A.E.	18.00
TERZENIDIS AL. KON/NOS	1.00
THARROS EKDOTIKI E.P.E.	0.80
THE ATHENS PAPER IKE	2.00
THE TOC DIGITAL MEDIA YPHR. ENHM. A.E.	36.00
THEMA RADIO A.E.	20.64
THEOFILOS MICHALATOS	0.20
THEOXARHS SPYR. GEORGIOS	2.50
THESSALIKI RADIOFONIA TILEORASI A.E.	11.48
THHTA EPIKOINONIA E.P.E. (H THESSALIA)	2.50

Creditor	Amounts in thousand €
THLEOPTIKH RETHYMNOY A.E.	16.35
THRAKI NET	7.61
THRAKIKH MONOPROSOPH I.K.E.	0.60
THRAX KOIN. S. EP.	0.14
THINKDIGITAL INTERNET & DIAFHMISH MONOPROSOPH A.E.	29.31
TILEORASI MAKEDONIAS THRAKIS A.E.	1.27
TNC GROUP IKE	2.00
TO KOUTI THS PANDORAS MEDIA E.E.	29.50
TODAY'S WORLD PUBLICATION EKDOTIKES EPIX. A.E.	7.20
TOPIKES EFIMERIDES I.K.E.	0.81
TOURISM TODAY M.E.P.E.	2.40
TRAINOSE A.E.	1.00
TRAPEZIKO BHMA	2.00
TRIBUNE I.K.E.	1.00
TSITAS X. PRODROMOS	5.50
TZEKA - PAPAGEORGIOY PHOTEINH	8.10
TZEKAS P. XARALAMPOS	8.10
UP EKDOSEIS A.E.	4.03
VAGMA MEDIA DEVELOPMENT	0.80
VASILATOS CHRISTOFOROS	40.50
VERGIS GEORGIOS MON. I.K.E	2.00
VICTORY M.E.P.E.	0.62
VOTE POSITIVE CRITERION EPIKOINONIES E.P.E.	2.00
WAVE MEDIA OPERATIONS E.P.E.	7.78
X. SELIMA & SIA E.E.	53.00
X. SELIMA O.E.	13.50
XIOTI A. XRISTINA - ANNA "LAKONIKOS TYPOS"	1.00
YPAITHROS XORA A.E.	63.38
YPSILON EPISTHM. ETAIREIA ANAPTYKSHS PERIPHEREIAS	1.20
YSTEROGRAFO MEDIA I.K.E.	1.50
YIOI S. TSOPANAKH - H. KOTIADHS O.E.	0.80
ZOH G. LEYKOPHRYDOY KAI SIA O.E.	5.90
ZOUGRIS DIMITRIOS & SIA E.E.	2.50
ZOYGLA G.R. A.E.	120.00
Total	**12,322.41**

II. Payments made on a consolidated basis for the year 2018 due to Grants, Donations and Sponsorships (according to par. 2 article 6 of Law 4374/2016)

Creditor or Beneficiary	Amounts in thousand €
"APOSTOLI" NGO	10.02
3SIXTY.COM E.P.E.	1.00
ALBANIAN RED CROSS - INTERNATIONAL DAY AGAINST HUNGER	2.38
ALBANIAN RED CROSS, INTERNATIONAL CHILDREN'S DAY FESTIVITY	2.00
ALEKSANDRINOS PHAROS	2.00
AMERIKANIKI GEORGIKI SXOLI	20.97
ARCHDIOCESE THYATEIRA GR BRITAIN	0.22
AS COM DEM ELENA IZVOARELE	1.00
ASOCIATIA PENTRU INTERVENTIE PRECOCE IN AUTISM (A.I.P.A.)	2.58
ASOCIATIA ROMANA DE STUDII ECONOMICE	0.80
ASSOCIATION "OFFICER CLUB - BURGAS"	0.38
ASSOCIATION OF CHIEF EXECUTIVE OFFICERS (ACEO)	6.00
ASSOCIATION OF VOLUNTARY MINISTRY OF HOSPITAL PATIENTS	0.20
ASSOCIATION YOUTH NORTHWEST	0.26
ASTIKH ETAIRIA ALEXANDROS SIDERHS	1.87
BIOTEXNIKO EPIMELHTHRIO THESSALONIKHS	2.00
BLSEA & MED CARGO FLOW OUTLOOK (SPONSORSHIP OF INTERNATIONAL TRADING AND SHIPPING CONFERENCE AZOV)	2.10
BULGARIAN ARMWRESTLING FEDERATION	7.67
BULGARIAN BRIDGE FEDERATION	5.11
BULGARIAN VOLLEYBALL FEDERATION	9.68
CAMERA DE COMERT SI INDUSTRIE ELENO - ROMANA	2.50
CAPITAL LINK FORUM INC	35.24
CHARITY FOUNDATION OF INTERNATIONAL WOMEN'S CLUB SOFIA	0.51
CHARITY FUND "BLAGOMAY"	0.16
CHARITY FUND "DREAM TO LIVE"	0.25
CHARITY FUND "SAINT LUKA"	1.87
CHARITY FUND CHESTNUT RUN KIEV UKRAINE	0.18
CHARITY ORGANIZATION "GREEK CULTURE CENTRE ZORBAS"	0.37
DEPARTMENT OF PRIMARY SERVICE (DSHP) ELBASAN - PURCHASE OF 10 COMPUTERS	2.24
DHMOS ELASSONAS	1.00
DHMOS NAYPAKTIAS	5.00
DHMOS PAROY	6.45
DHMOS PAYLOY MELA - NOMOS THESSALONIKHS	5.00
DHMOS POGONIOU	1.00
DHMOS POLYGYROU	5.00
DHMOS PYLAIAS - XORTIATH	3.00
DHMOS THERMOY	1.00
DHMOS TYRNABOY	0.50
DHMOS ZITSAS - NOMOS IOANNINON	5.00

Creditor or Beneficiary	Amounts in thousand €
DHMOS ISTIAIAS - AIDHPSOY	1.00
DHMOTIKH KOINOPHELHS EPIXEIRHSH LAGKADA	3.00
DHMOTIKO BREPHOKOMEIO THESSALONIKHS O AGIOS STYLIANOS	0.30
DHMOY IOANNITON	2.82
DIETHNIS OLYMPIAKI AKADHMIA	0.81
DIKHGORIKOS SYLLOGOS ATHINON	150.00
DIMOS HGOYMENITSAS	1.00
DIMOS LAGADA	5.00
DIMOS NAXOY	5.00
DIKIGORIKOS SYLLOGOS PATRON	3.00
DIKIGORIKOS SYLLOGOS THESSALONIKIS	50.00
DIMOS BISALTIAS	1.00
DIMOS KALAMARIAS	5.00
DIMOS THESSALONIKIS	50.00
DIRECTION BUSINESS NETWORK	12.10
ECONOMIC FORUM - PLOVDIV	12.00
EID. LOG. KONDYL. EREYNAS PANEPISTHMIOU KRHTHS	2.02
ELL. ET. PROST. & APOKAT. ANAP. PAIDON ELEPAP	172.00
ELLHNIKOS SYNDESMOS HLEKTRONIKOY EMPORIOY	12.00
ELLHNOAMERIKANIKO EMPORIKO EPIMELHTHRIO	5.50
ELLHNIKO INSTITOYTO ESOTERIKON ELEGKTON	3.00
ELLINIKI ANTIKARKINIKI ETAIRIA	0.30
ELLINIKA XRIMATISTIRIA - XRIMATISTIRIO AKSION A.E.	34.03
ENIAIA SXOLIKH EPITROPH DHMOU IOANNINON	0.80
ENOSH ELLHNON DIKONOMOLOGON	1.00
ENOSH OINOPARAGOGON TOY AMP	7.00
ENOSH PODOSFAIRIKON SOMATEION ANATOLIKHS ATTIKHS	1.50
EPIMELHTHRIO - 6o PERIF. TM. HPEIROY - EDRA IOANNINA	2.50
EPIMELHTHRIO HRAKLEIOU	6.00
EPIMELHTHRIO KILKIS N.P.D.D.	1.00
EQUIPPING NEW FURNITURE POGRADEC EDUCATIONAL DIRECTORATE	3.76
ERMHS ASTIKH ETAIRIA EEA	4.03
ETAIREIA AKSIOP. & DIAX. PERIOYS. PANEPIST. MAKEDONIAS	4.61
ETAIREIA AKSIOPOIHSHS & DIAX. PERIOYSIAS PAN/MIOY KRHTHS	0.81
ETAIREIA AKSIOP. & DIAX/SEOS PERIOYSIAS TOY A.P.TH. S.A.	20.97
ETHNIKI LYRIKI SXOLI	30.00
ETHNIKO & KAPODISTRIAKO PANEPISTHMIO ATHHNON	47.26
ETHOS MEDIA	5.00
EXCESS	0.30
EYP ALBANIA, 2ND SCHOOL FORUM PROJECT	0.80
EYROPAIKOS ORGANISMOS DHMOSIOY DIKAIOY	50.00
EID. LOGAR. KONDYLION EREYNAS PANEPIST. IOANNINON	1.00
EIDIKOS LOG/MOS OIKONOMIKOY PANEPISTHMIOY ATHHNON	2.42

Creditor or Beneficiary	Amounts in thousand €
FARMAKEYTIKOS SYLLOGOS XANTHIS	2.00
FEDERATION OF INDUSTRIES OF PELOPONNESE AND WESTERN GREECE	4.00
FUNDATIA CHARTA	1.99
GENIKO NOSOKOMEIO AITOLOAKARNANIAS	6.00
GENIKO NOSOKOMEIO DYTIKHS ATHHNAS ATTIKON	6.00
GENIKO NOSOKOMEIO NOSHMATON THORAKOS ATHINON	3.00
GENIKO NOSOKOMEIO THES/NIKHS	0.50
GENIKO NOSOKOMEIO PEIRAIA TZANEIO	3.00
GENIKO NOSOKOMEIO XANION O AGIOS GEORGIOS	5.00
GENIKO PERIPHEREIAKO NOSOKOMEIO PAPAGEORGIOY	2.00
GJIROKASTER - PLANTING TREES	0.08
GLOBAL MONEY WEEK - ALB. ASSOCIATION OF BANKS	0.50
GOCE DELCHEV MUNICIPALITY	0.51
GREEK EMBASSY CELEBRATION NATIONAL DAY OF GREECE	1.00
HELLENIC BUSINESS ASSOCIATION OF ALBANIA - PURCHASE OF OFFICE EQUIPMENT/COMPUTERS	0.64
HELLENIC CHILDREN'S VILLAGE IN FILIRON	0.15
HELLENIC INSURANCE BROKERS ASSOCIATION	1.00
IDIKOS LOGARIASMOS KONDYLION TOU ETHNIKOU ASTEROSKOPIOU	0.81
IDRIMA PAMMAKARISTOS	0.47
IDRIMA TECHNOLOGIAS & EREVNAS	0.81
IDRYMA MHTROPOLIS MONEMVASIAS & SPARTIS	3.00
IERA MHTROPOLIS KYTHIRON & ANTIKYTHIRON	10.00
INTERLEGALS LLC	2.00
ISHPM ELBASAN PURCHASE OF ONE COMPUTER AND PRINTER	0.40
KIBOTOS TOY KOSMOY	1.30
KOIN. DHM. EPIXEIRHSH DHMOU AMPELOKHPON - MENEMENHS	4.00
KOZLODUY MUNICIPALITY	1.02
KPMG ADVISORS S.A.	5.00
KURBINI MUNICIPALITY - PLANTING DECORATIVE TREES	2.26
LYKION HELLINIDON	0.44
MARGARITA ERGASTHRI EIDIKHS AGOGHS	8.06
MERIMNA ANAPHRON H GALHNH	0.40
METOXIKO TAMEIO STRATOU	52.35
O.T.A. AMPHIPOLIS	2.00
OIKONOMIKO SYNEDRIO DELPHON	40.00
OIKOYMENIKO PATRIARXEIO KON/POLHS	1,110.00
ORFANOTROFEIO THYLEON I. M. XATZHKYRIAKOY	0.30
ORGANISMOS MEGAROY MOYSIKHS THESSALONIKHS	1.61
OUR PREMATURED CHILDREN FOUNDATION	0.26
PAE PANAITOLIKOS FC	2.00
PAGKOSMIO TAMEIO GIA TH PHYSH (WWF) - ELLAS	2.25
PALOUKOS EFSTATHIOS, TYRES FOR THE FIRE SERVICE - PATRAS	0.26
PANEPISTHMIO MAKEDONIAS - EIDIKOS LOG/MOS KONDYLION EREYNAS (E.L.K.E.)	0.90

Creditor or Beneficiary	Amounts in thousand €
PANEPISTHMIO PATRON - EIDIKOS LOG/MOS KONDYLION	5.65
PANEPISTHMIAKO GENIKO NOSOKOMEIO HRAKLEIOY	10.00
PAVARESIA HIGH SCHOOL, VLORE PAINTING OF THE PERIMETER FENCE	0.24
PERIFEREIAKH DIEFTHYNSH D. EKPAIDEYSHS HPEIROU	0.70
PERIPHEREIA DYTIKHS MAKEDONIAS	7.00
PERMETI PUBLIC HOSPITAL - HOSPITAL BUILDING, TERRACE REPAIR WORKS	1.20
PHARMAKEYTIKOS SYLLOGOS THES/NIKIS	5.00
POGRADEC MUNICIPALITY, EQUIPPING THE CITY WITH RECYCLE BINS	2.40
POITISTIKI ETAIREIA VLASTIS	2.00
POLITISTIKO IDRYMA OMILOY PEIRAIOS (P.I.O.P)	3,688.67
POLITISTIKOS & LAOGRAFIKOS SYLLOGOS TRIKALON HMATHIAS H ANATOLIKH ROMYLIA	0.50
PONTIC SOCIETY OF DIAVATA "ALEXANDROS YPSILANTIS"	5.00
PRESVEIA LOUXEMVOURGOU	0.50
PROF. DR. MINKO RUSENOV FOUNDATION	19.94
PUBLIC HEALTH CARE DIRECTORY, PERMET	1.50
PUBLIC HEALTH MEDICAL CENTER - SHIJAK	0.15
QENDRA TAEKWONDO SPORTS ASSOCIATION - 4TH TIRANA TROPHY 2018 INTERNATIONAL CHAMPIONSHIP	1.00
REGIONAL DIRECTORATE OF TRANSPORTS, SHKODER (RDTSH) - PURCHASE OF OFFICE EQUIPMENT	0.67
REGIONAL DIRECTORY OF TAX OFFICE FIER	2.43
RULETE RUSE ABC NEWS	3.00
S.E.B. SYNDESMOS EPIXEIRHSEON & BIOMHXANION	14.68
SETAPPS - POLIMATIDIS DIMITRIOS	0.06
SHEFQET SULEJMANI SCHOOL SARANDA, ORGANISATION GURRA FEST	0.16
SHKODRA MUNICIPALITY - “NDERMENDJE” CONCERT	4.00
SILLOGOS TON EN ELLADI PERISTIANON	7.00
SOFIA MUNICIPALITY	0.51
SOMATEIO ERGAZOMENON ATTIKHS	0.50
SOMATEIO ERGAZOMENON G.N. THESSALONIKHS O AGIOS DHMHTRIOS	2.00
SOMATEIO ERGAZOMENON NOSOKOMEIOY N.I.M.T.S	2.50
SOMATEIO ERGAZOMENON PGN ATTIKOY ANAGENNHSH	2.00
SOMATEIO ERGAZOMENON GNA "G. GENNIMATAS"	3.00
SOMATEIO ERGAZOMENON PS.N.TH.	4.00
SOS CHILDRENS' VILLAGES GREECE	10.15
SOS VILLAGES - “ADOPTION” OF THREE KIDS FROM TIRANA BANK	3.40
SVYATOSHYN CHILDREN ORPHANAGE	2.18
SXOL. EP. DEYTEROBATHMIAS POGONIOY	5.00
SXOLIKI EPITROPI DIMOY KALAMATAS	0.30
SYL. DIOIK. YPALL. DHMOKRITEIOY PANEP. THRAKHS VIZYHNO	1.00
SYL. GONION PAIDION NEOPLASMATIKH ASTHENEIA PHLOGA	1.30
SYLL. PHILON PAIDION ME KARKINO H ELPIDA	2.10
SYLLOGOS ERGAZOMENON PERIPHEREIAS KENTRIKHS MAKEDONIAS	4.00
SYLLOGOS ETHELONTIKIS PROSFORAS ORIZONTAS	0.30
SYLLOGOS HLIKEIOMENON ELATEIAS	0.30

Creditor or Beneficiary	Amounts in thousand €
SYLLOGOS METOXIKOY TAMEIOY STRATOY	5.00
SYLLOGOS ORAMA ELPIDA	1.15
SYMEON TSOMOKOS DIMOSIES SXESEIS A.E.	8.06
SYNDESMOS BIOMHXANION BOREIOY ELLADOS (S.B.B.E.)	18.95
SYNDESMOS ELLHNIKOY OINOY	2.00
SYNDESMOS PARAGOGON & EMPORON LIPASMATON	1.00
SYNEIDHSH A.E.	1.61
THE HELLENIC INITIATIVE	2.84
TO XAMOGELO TOY PAIDIOY	3.05
THRIASIO GENIKO NOSOKOMEIO ELEYSINAS	5.00
UKRAINIAN PUBLIC ORGANIZATION "BAR ASSOCIATION"	0.14
UNICEF	16.59
UNION OF BULGARIAN ARTISTS	6.47
VROUKIA, ELISSAVET, "LABEL TAG" SOLE SHAREHOLDER CO. LTD	4.20
XATZINIKOLAOY NIKOLAOS & SIA E.E.	5.00
YPE MAKED. & THRAKIS GEN. NOS. THES/KIS AGIOS PAYLOS	5.00
YPOYRGEIO ETHNIKHS AMYNHS (YPETHA)	50.30
ZANNEIO IDRYMA PAIDIKHS PROSTASIAS	0.30
Total payments to entities other than individuals	**6,130.06**

Total payments to individuals (183 Beneficiaries)	**26.38**