Six-month Financial Report

30 June 2021

The attached six-month Financial Report has been approved by Piraeus Financial Holdings S.A. Board of Directors on 4 August 2021 and is available on the web site of Piraeus Financial Holdings S.A. at www.piraeusholdings.gr

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

PIRAEUS
FINANCIAL HOLDINGS

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CERTIFICATION PURSUANT TO ARTICLE 5 PAR. 2 OF GREEK LAW 3556/2007, AS IN FORCE

To the best of our knowledge, the Interim Financial Statements for the six-month period ended 30 June 2021 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, equity and income statement of Piraeus Financial Holdings S.A. and the group of companies included in the consolidated accounts. In addition, the Board of Directors Report for the six-month period ended 30 June 2021 provides a true and fair view of the information required under Article 5, par. 6 of Greek Law 3556/2007, as currently in force.

Athens, 4 August 2021

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

International Environment and Economic Developments

The mass vaccination and the gradual lifting of the strict restrictions – lockdowns – have led to favorable economic prospects for 2021, which are expected to continue in 2022, after the unprecedented crisis in 2020, due to the vast spread of the Covid-19 virus. The global economy shrank by 3.3% in 2020, but is expected to recover by approximately 6.5% in 2021 and by about 4.5% in 2022. At the same time, the global trade activity fell by 8.5% in 2020, but is expected to increase by about 8.5% in 2021 and by about 6.5% in 2022.

In the US economy, the real GDP contracted by 3.5% in 2020. In the first quarter of 2021, the real GDP was higher by 0.3% compared to the corresponding quarter of 2020. The Fed continues the quantitative easing program with a minimum monthly amount of $ 120 billion. The US government has approved two fiscal support programs of $ 900 billion and $ 1.9 trillion. In 2021, the US real GDP is estimated to grow by about 7% and the inflation rate (based on the PCE Price Index) is expected to rise close to 3.5%. The Fed is expected to begin reducing the magnitude of its quantitative easing program in late 2021 or early 2022.

In the euro area economy, the real GDP shrank by 6.6% in 2020 and the economy fell in a deflationary environment. The European Central Bank (ECB) conducts the Pandemic Emergency Purchase Program (PEPP) of € 1.85 trillion, which is scheduled to last at least until the end of March 2022. In addition, the ECB has decided to continue to fully reinvest capital payments on maturing bonds (purchased under the PEPP) at least until the end of 2023. In the first quarter of 2021, the real GDP decreased by 1.3% compared to the corresponding quarter of 2020. The ECB has increased the size of bond purchases during the second quarter of 2021 under the PEPP. In 2021, the real GDP is anticipated to grow by about 5% and the inflation rate is expected to increase close to 2%. During the second half of 2021, the disbursements of the Recovery Fund will begin strengthening the prospects of economic growth.

In China's economy, the real GDP grew by 2.3% in 2020, as China was the first to recover from the pandemic crisis. In the first quarter of 2021, the real GDP was higher by 18.3% compared to the corresponding quarter of 2020 due to the strong upward base effect. The People's Bank of China (PBoC) has decreased the required reserve ratio for facilitating lending to small businesses. In 2021, the China's real GDP is estimated to grow by about 8.5%. Generally, in emerging and developing economies, the real GDP shrank by 2.2% in 2020, but is estimated to recover by about 7% in 2021.

Developments in the Greek Economy in the First Semester of 2021

In the first half of 2021, the Greek economy, according to the available indicators of economic activity and the resilience shown in the first quarter of the year, is expected to enter a course of recovery. The 10th assessment of the Greek economy was successfully completed in June 2021, under the enhanced supervision regime, in which the country entered in the summer of 2018, after joining the economic and fiscal policy coordination cycle of the European Semester.

In the first semester of 2021, Greece continued its access to the international debt markets with four (4) successful Greek Government Bond (GGB) issuances, following five (5) issuances of GGBs in 2020. At the same time, in March 2021, the process of the second early repayment of part of the existing loans that Greece has received from the International Monetary Fund (IMF), amounting to € 3.3 billion, was completed, thus reducing the funding cost of sovereign debt.

A positive development that reflects the prospects of the economy, was the upgrade of the Greek sovereign rating to "BB" (Positive Outlook) in April 2021 by S&P, from "BB-". In November 2020 Moody's upgraded Greek sovereign rating to "Ba3" (Stable Outlook) from "B1". Fitch places the country's credit rating at "BB", with stable outlook. In the first quarter of 2021, economic activity was affected by the third wave of the pandemic by maintaining strict restrictive measures, but also extending fiscal support. However, the first quarter was the third consecutive quarter in which GDP moved at relatively strong quarterly growth rates. GDP grew by 4.4% compared to the 4th quarter of 2020, while the annual recession was limited to -2.3%. Based on the Medium Term Fiscal Strategy Program for the period 2022-2025, real GDP is expected to expand by 3.6% in 2021, while international organizations, entities and European institutions estimate stronger growth rate this year. At the same time, the further implementation of fiscal measures against the pandemic in the first months of 2021 led to a state budget deficit, on a modified cash basis, of € 12.2 billion for the period January – June against a target of a deficit of € 13.0 billion that has been incorporated for the same period of 2021 in the Medium Term Fiscal Strategy Program (MTFS) 2022-2025 explanatory report. Overall, the support measures taking into account liquidity measures and corresponding leverage from the banking system, amount to a total value of € 41.0 billion, of which € 23.1 billion correspond to measures implemented during 2020, € 15.8 billion to measures under implementation during 2021 and € 2.1 billion correspond to measures extended to 2022.

In July 2021, the Economic Sentiment Indicator (ESI) stood at 111.2 points, recording the highest performance in the last 15 months, reflecting the improvement of expectations on all sectors of economic activity and consumers' prospects. In the first quarter 2021, the unemployment rate stood at 17.1% compared to 16.2% in the same period of 2020. However, the labor market has been affected by the implementation of specific operating constraints to companies and the adoption of measures to protect public health. In the period January-June 2021, inflation stood at -0.7%, reflecting, among others, the impact of insufficient demand. The current health crisis finds the Greek real estate market in a critical period, showing significant recovery signs in the past three (3) years. In 2020, commercial property prices (as illustrated by the Bank of Greece ("BoG") office price index) increased by 1.2%, on an annual basis. Residential property prices (the apartment price index of the BoG) increased by 3.2% in the first quarter 2021, on an annual basis, following an increase of 4.3% in 2020.

Moreover, the European Commission approved on 17 June 2021 the National Recovery and Resilience Plan "Greece 2.0", which consists of four (4) pillars: (1) Green transition; (2) Digital transformation; (3) Employment, skills and social cohesion (health, education, and social protection); and (4) Private investment and transformation of the economy. The "Greece 2.0" Plan includes 106 investments and 68 reforms and the use of € 30.5 billion European resources, it is expected to mobilize € 60 billion of total investments in the country in the next five (5) years.

Prospects and Risks for the Second Semester of 2021

The prospects for the Greek economy are positive, as in the following years it will benefit from the easing of fiscal policy in Greece and the Eurozone, favorable liquidity conditions, the reduction of Greek government borrowing costs as well as the Recovery and Resilience Facility (RRF). The recovery of 2021 depends on the improvement of the epidemic status, the successful completion of the vaccination program, the degree of tourist activity restoration and the utilization of funds under the RRF.

The primary risk factors affecting the developments in Greek economy, the domestic banking sector in general and the Group in particular, are the global and domestic macroeconomic and financial market conditions, mainly due to the effects of Covid-19. The velocity of the recovery as well as the effective utilization of the Next Generation EU funds, will be decisive factors in determining the long-term impact of the pandemic to the Greek economy, the banking sector and the Group. Therefore, a potential slow and weak economic recovery, along with persistently high unemployment and possible decline of real estate prices could potentially have a negative effect on the quality of the Group's loan portfolio, and subsequently to its profitability and capital adequacy. Further, the geopolitical developments in the wider region is an additional risk factor.

Developments in the Greek Banking System[1]

The Greek banking system in the first half of 2021 continued to recover, managing the negative effects from the outbreak of the

[1] Source of third party information: Bank of Greece

pandemic in 2020.

The confidence towards the Greek banking system by households and businesses continued to improve as evidenced by the increased deposits in the system. Moreover, the measures taken by the ECB, mainly through the Targeted Longer Term Refinancing Operations (TLTRO) facility, improved the funding and liquidity status of the system, while deposits continued rising in 2021. In June 2021, private sector deposits reached € 169.8 billion, up 14.5% year on year or € 6.6 billion higher compared to 31 December 2020.

The funding of the Greek Banks from the ECB continued to increase in 2021. As at 31 May 2021, total ECB funding to the Greek banking system stood at € 44.5 billion compared to € 41.2 billion at the end of December 2020. It should be noted that the aforementioned increase of Greek Banks' ECB funding has been facilitated by the ECB's decision on 7 April 2020 to waive the minimum credit quality requirement for marketable debt instruments issued by the Hellenic Republic for acceptance as collateral in the Eurosystem credit operations. In December 2020, the waiver was extended until June 2022. As a result of these decisions, the pool of eligible collateral of the Greek Banking system increased significantly and Greek Banks replaced wholesale funding through the repo market with cheaper ECB funding by utilizing the TLTRO facility. This development is underpinning Greek Banks efforts to finance at a lower cost the stabilization and recovery of Greek businesses from the pandemic-induced slowdown.

The stock of loans to the domestic private sector continued shrinking in the beginning of 2021 (with the drop being mainly attributed to the sales of Non-Performing Exposures (NPE) portfolios), with the rate of change of net credit at 2.3% year-over-year.

However, for the rest of the year credit expansion is expected to be positively affected by the funds of the Next Generation European Union (EU), the funding package during the period 2021-2026, sponsored by the EU which targets to alleviate the impact of the Covid-19 pandemic. The Greek banking system is expected to leverage the EU funds in order to support the Greek economy and lay the ground for sustainable growth rates in the next years. On top of grants, Greek banks are also expected to intermediate in order to allocate part of the € 12.7 billion loans, which Greece will get from the RRF. All 4 systemic Banks have revealed plans to increase loan disbursements going forward, starting from 2021.

In the first quarter of 2021, Greek Banks recorded losses, as the improved revenues were more than offset by the increased credit impairments. However, the majority of the credit impairments were related with scheduled NPE securitizations that expected to be completed until the end of 2021, hence a material derisking of the banking system's balance sheet is expected. Moreover, the underlying organic credit impairments of all major banks decreased in the 1st quarter of the current year.

The operating income of the sector in the first quarter of 2021 increased on an annual basis, supported by an increase in net interest income driven by funding benefits and due to increased income from expanding fixed income exposures. Operating expenses increased due to non-recurring expenses related to restructuring costs and staff voluntary exit schemes for a number of banks; excluding these one-off costs, operating expenses declined.

A decision that indicates the restoration of confidence to the Greek banking system was taken on 6 March 2020, when ECB repealed the upper limits on their exposure to Hellenic Republic risk it had set in a previous decision in 2015 at the peak of the crisis. As a consequence, Greek banks were allowed to buy additional amounts of Greek sovereign debt. Greek Banks increased their exposure on Greek sovereign debt, which led to significant gains in 2020 and early 2021, mainly through exchanges of debt with the Greek state.

The measures that the ECB Banking Supervision announced in March 2020, allow banks to operate temporarily below the level of capital defined by the Pillar 2 Guidance (P2G) and the capital conservation buffer (CCB). In addition, banks will also be allowed to partially use capital instruments that do not qualify as Common Equity Tier 1 (CET1) capital. For example, Additional Tier 1 or Tier 2 instruments, to meet the Pillar 2 Requirements (P2R), according to Capital Requirements Directive (CRD) V provisions that were frontloaded in application.

During the first half of 2021, there have been significant developments with regards to the strengthening of the capital base of the banking system. More specifically, two share capital increases have been executed with a total sum of € 2.2 billion. The first one totaling € 1.4 billion has been completed by Piraeus Financial Holdings in the 2nd quarter of 2021, with the second one completed by another Greek Systemic Bank in the beginning of the 3rd quarter 2021.

Additionally, three fixed income issuances took place with total proceeds in the tune of € 1.6 billion. More specifically an Additional Tier 1 issue of € 600 million was completed by Piraeus Financial Holdings in June 2021, while a € 500 million Tier 2 issue took place earlier in the year by another Greek Systemic Bank and a € 500 million Senior Preferred bond was issued by a second Greek Systemic Bank.

In March 2020, the European Banking Authority (EBA) announced actions to mitigate the impact of Covid-19 on the EU banking sector, allowing more flexibility in the implementation of the EBA Guidelines on the management of non-performing and forborne exposures. On top of the introduction of more flexibility on capital buffers that the Single Supervisory Mechanism (SSM) announced, in March 2020 the supervisor introduced some flexibility on provisioning and Non-Performing Loans (NPL) formation, in the form of a) flexibility regarding the classification of debtors as unlikely-to-pay when banks call on public guarantees granted in the context of Covid-19, b) preferential prudential treatment in terms of supervisory expectations about provisioning when loans under public guarantees become NPE, and c) the supervisor deploying flexibility when discussing with banks the implementation of NPL reduction strategies. Finally, the ECB recommended that all banks avoid procyclical assumptions in their models to determine provisions, in order to avoid short term spikes in loan loss provisions and risk weighted asset inflation just coming from IFRS 9 models.

As at 31 March 2021, the NPE balance of the Greek banking system stood at € 47.3 billion with the NPE ratio standing at 30.3%. Commerce, manufacturing and construction were the sectors with the highest stock of NPEs at 32.7%, 26.5% and 36.4% respectively.

The four Greek systemic banks successfully completed the 2021 SSM Stress Test exercise, as indicated by the results that were published on 30 July 2021. Greece's four systemic banks fully loaded CET1 ratio averaged 15.7% at end-2023 in the baseline scenario. Under the adverse scenario, the fully loaded CET1 ratio average at end-2023 stood at 7.2%. It is important to note that the exercise was based on a static balance sheet approach and did not incorporate capital or other initiatives post 31 December 2020. Taking into account the capital actions executed by Greek Banks in the first semester of 2021, the fully loaded CET1 ratio at end-2023 would stand at 8.6%.

Significant developments that are expected to play key role in the Greek banks' NPE management efforts during 2021 are:

- The corporate transformations undertaken by 3 out of 4 Greek banks, by way of hive-down of their banking activity sector and its contribution into a new banking entity, in order to facilitate the large NPE clean-up process;
- the extension of HAPS (Hellenic Asset Protection Scheme), also called "Hercules" plan, which has been instrumental during 2020 in assisting banks to reduce their NPEs, through securitizations of which the senior tranches bear Government's guarantee; HAPS II is already up and running and all 4 systemic banks are planning to utilize them in 2021-2022 to further reduce NPEs;
- a new legislative framework on insolvency that ratified into law in late 2020, which oversees the restructuring and bankruptcy process for all private debt to authorities, social security, banks etc. 2021 is the first full year of implementation of the new law, which should provide Banks with another tool to resolve non performing exposures.

However, due to the Covid-19 pandemic, auctions have been put on hold for much of 2020 and early 2021, which provides presently a stumbling block towards the clean-up goal.

Piraeus Financial Holdings Group Developments

2021 is a year of great importance for the Group as it fully unfolds its derisking strategy, building on the significant progress made during 2020.

More specifically, on 30 December 2020, the core banking operations of the Piraeus Bank S.A. were demerged, by way of hive-down, and were contributed into a newly-formed credit institution incorporated under the corporate name "Piraeus Bank Société Anonyme". The former ceased to be a credit institution, retained activities, assets and liabilities not related to core banking activities, and changed its corporate name to "Piraeus Financial Holdings Société Anonyme" ("Piraeus Financial Holdings S.A.", PFH or the "Company"), while its shares remain listed on the Athens Exchange. Piraeus Financial Holdings Société Anonyme became the 100% shareholder of Piraeus Bank Société Anonyme (the "Bank") and the direct or indirect holding company for all other companies that, prior to the Demerger, comprised the "Group".

In connection with the Demerger:

- Piraeus Bank Société Anonyme substituted the former Piraeus Bank S.A., by way of universal succession, to all the transferred assets and liabilities of the core banking operations of the former Piraeus Bank S.A.;
- Piraeus Bank S.A. ceased to be a credit institution, retained activities, assets and liabilities not related to core banking activities, and changed its corporate name to "Piraeus Financial Holdings Société Anonyme"; and
- Piraeus Financial Holdings Société Anonyme became the 100% shareholder of Piraeus Bank Société Anonyme and the direct or indirect holding company for all other companies that, prior to the Demerger, comprised the "Group".
  As part of the Demerger, Piraeus Financial Holdings retained the assets, and will perform functions, that are not related to the Group's core banking operations.

The Contingent Convertible Bond Conversion

On 14 January 2021, the trading of the 394,400,000 new common registered shares of nominal value € 6.00 each in the Athens Stock Exchange commenced, resulting from the share capital increase by € 2,366.4 million, further to the conversion of all the Contingent Convertible Securities ("CoCos") of the bond loan issued by the Company of € 2,040 million total nominal value and issuance date 2 December 2015, which have been covered in whole by the Hellenic Financial Stability Fund (HFSF), in accordance with Law 3864/2010, the Cabinet Act No 36/02.11.2015 and the respective corporate bodies' resolutions. The New Shares resulted from the automatic conversion of all CoCos of a total nominal value of € 2,040 million to 394,400,000 common registered shares of the Company (determined by the division of 116% of the total CoCos nominal value by the Conversion Price, which amounts to € 6.00 per share as per the Bond Issuance Programme terms) on Monday 4 January 2021, which was designated as the Conversion Date, pursuant to the provisions of the Bond Issuance Programme and the Cabinet Act No 36/2015.

Profit Realization From Securities Portfolio

On 13 January 2021, the Greek Government and the Bank proceeded with a GGBs exchange that included existing sovereign bonds held by the Bank, of nominal value € 2.8 billion, with a new GGB of equivalent nominal value maturing in 2050. The exchange took place at market terms and was settled on 20 January 2021. The Group's gain from the aforementioned exchange amounted to € 221 million. In February 2021, the Group's net trading income was enhanced by realized gains from interest rate derivatives of € 82 million. On 1 March 2021, the Bank proceeded with the sale of Italian sovereign bonds of a nominal value of € 1,150 million from the debt securities portfolio classified at amortised cost. The Group's gain from the aforementioned transaction amounted to € 85 million.

Phoenix and Vega NPE Securitization Developments within First Semester 2021

In February 2021, Piraeus Bank submitted application for the inclusion of the Vega securitizations in the "Hercules" Asset Protection Scheme pursuant to Law 4649/2019. The application related to the provision of a guarantee by the Greek State on the senior notes of approximately € 1.4 billion. On 1 March 2021, Piraeus Financial Holdings S.A. and Intrum AB (publ) ("Intrum") signed a binding agreement for the sale of thirty percent (30%) of the mezzanine notes and (50)% percent plus one note of the junior notes of the Vega securitization. The Vega portfolio consists of three special purpose vehicles, namely Vega I NPL Finance DAC, Vega II NPL Finance DAC & Vega III NPL Finance DAC, with a total gross book value of approximately € 4.9 billion. The implied valuation of the Vega portfolio based on the anticipated fair value of the senior notes and the sale price of the mezzanine notes corresponds to approximately 31% of the total gross book value of the Vega portfolio. On 5 July 2021, the Group announced the completion of the Phoenix and Vega securitizations, in total € 7.0 billion of gross book value, following the granting of all necessary approvals. The distribution-in-kind to the shareholders, of the shares issued by the Cypriot subsidiary "Phoenix Vega Mezz Ltd", which holds 65% of the mezzanine and 45% of the junior tranches of the aforementioned NPE securitizations, in accordance with the respective resolution of PFH's Annual General Meeting of Shareholders dated 22 June 2021, is to be carried out on 11 August 2021, as per the envisaged timeline.

Synthetic Securitization of Performing loans

On 11 March 2021 the Company entered into a binding agreement with global investor Christofferson, Robb & Company (CRC) for a synthetic (virtual) securitization of performing SME and Corporate loans, with an aggregate gross book value of approximately € 1.4 billion, in order to purchase credit protection, under a financial guarantee. As a result of the transaction, the Bank will reduce its RWAs by approximately € 0.8 billion and thus will have a regulatory capital accretion of approximately € 0.1 billion. The loans' portfolio will remain on the balance sheet of the Bank. The transaction has received all customary approvals and was completed in Q2.2021.

Carve-out and Sale of the Merchant Acquiring Business Unit

On 16 March 2021 the Bank and Euronet Worldwide signed a binding agreement, comprising the carve-out and the sale of its merchant acquiring business unit, as well as the formation of an exclusive long-term sales and distribution partnership, for an initial period of 10 years. Following the completion of the transaction, Euronet Worldwide will act as the exclusive long-term partner of the Bank for the provision of merchant acquiring services to the customers of the Bank. As part of the transaction, the Bank will also receive rebates on future net fee income generated by the merchant acquiring business. The total consideration for the transaction amounts to € 300 million. The transaction is expected to be completed in Q3.2021.

The Sunrise Plan

On 16 March 2021 the Board of Directors of Piraeus Financial Holdings approved a holistic strategic plan to accelerate its NPE reduction effort and to further enhance the Group's capital position through a combination of certain concerted actions (the Sunrise Plan). The Sunrise Plan comprises three conjunct pillars:

1. The acceleration of NPE reduction to reach a single-digit NPE ratio by early 2022, through the securitization and subsequent de-recognition of NPEs with a total estimated gross book value of up to € 19 billion (including the completed NPE securitizations Phoenix and Vega). Based on this accelerated plan, the Company proceeded with the immediate

implementation of the incremental Sunrise I non-performing loan securitization transaction, with a total gross book value of approximately € 7 billion, comprising mainly denounced loans. Sunrise I was classified as held-for-sale as of 30 June 2021 and the effect for the same period amounted to €1.4 billion in loan impairment.

2. A series of capital enhancing actions, with cumulative benefit of approximately € 3 billion
   - A share capital increase of Piraeus Financial Holdings via a non-pre-emptive fully marketed offering of € 1.4 billion completed in April 2021;
   - Additional Tier 1 issuance of up to € 0.6 billion by Piraeus Financial Holdings completed in June 2021; and
   - Certain other non-dilutive capital accretive actions, including: (i) profit realization from securities portfolio already completed in Q1.2021 as mentioned above; (ii) the carve-out and sale of Piraeus Bank's cards merchant acquiring platform as mentioned above; and (iii) the purchase of credit protection for select on-balance sheet performing loan portfolios (synthetic securitization), as mentioned above; and
3. An operational streamlining plan of Piraeus Bank to enhance pre-provision income by a combination of top-line strengthening and a reduction in operating costs through efficiency improvements and digitization.

The Share Capital Increase

On 16 March 2021 the Company's Board of Directors decided to convene an Extraordinary General Meeting (EGM) seeking to be granted authorization to approve a share capital increase of Piraeus Financial Holdings S.A. via a non-pre-emptive fully marketed offering of around € 1.0 billion (the Equity Issue). The EGM was held on 7 April 2021 and approved the equity raise. The HFSF, as the largest shareholder of Piraeus Financial Holdings S.A., had confirmed their intention to fully support the capital increase. In line with their communication in November 2020, HFSF has decided to reduce its participation to a non-blocking minority shareholding.

On 20 April 2021, the Board of Directors of the Hellenic Capital Market Commission ("HCMC") approved the Prospectus of the Share Capital Increase, as required under the Prospectus Regulation 2017/1129 and the Delegated Regulations of European Commission (EC) 2019/979 and 2019/980, as currently in force, and law 4706/2020.

On 20 April 2021, Piraeus Financial Holdings announced an invitation to investors to participate in a public offering of up to 1,200,000,000 new shares pursuant to the resolution of its Board of Directors dated 16 April 2021 following the authorization granted by virtue of the resolution of the Extraordinary General Meeting (EGM) of its shareholders dated 7 April 2021 with offering price between € 1.00 and € 1.15 per share in cash.

On 23 April 2021, Piraeus Financial Holdings announced that the offer price of the share capital increase stood at €1.15 per share, at the top end of the initial range of € 1.0-€ 1.15.

On 29 April 2021, Piraeus Bank and Euroxx Securities, acting under their capacity as Lead Underwriters of the Share Capital Increase, announced details of the take up as follows:

From the New Shares:

(a) 180,000,000 of the New Shares (namely 15% of the New Shares) were allocated to investors who participated in the Public Offering.

In particular:

i) 38,248,791 of the New Shares (namely 21.25% of the New Shares allocated in the Public Offering) were allocated to qualified investors within the meaning of Article 2(e) of the Regulation (EU) 1129/2017 (the “Qualified Investors“).

ii) 141,751,209 of the New Shares (namely 78.75 % of the New Shares allocated in the Public Offering) were allocated to investors who do not fall within the Qualified Investors category (the “Retail Investors”)

(b) 1,020,000,000 of the New Shares (namely 85% of the New Shares) were allocated to investors who participated in the Institutional Offering.

The HFSF and Paulson & Co. Inc. (on behalf of the investment funds managed by it), Helikon Investment Limited and Aristotelis Mistakidis participated in the Share Capital Increase through the Institutional Offering. From the New Shares allocated in the Institutional Offering: 306,703,672 of the New Shares were allocated to the HFSF, corresponding to 25.56% of the Combined Offering. 230,434,782 of the New Shares were allocated to Paulson & Co. Inc., corresponding to 19.20% of the Combined Offering. 65,217,391 of the New Shares were allocated to Helikon Investment Limited, corresponding to 5.43% of the Combined Offering. 34,782,608 of the New Shares were allocated to Aristotelis Mistakidis, corresponding to 2.90% of the Combined Offering.

The total capital raised by the Company through the Combined Offering amounted to (before deducting the expenses) € 1,380,000,000.00. Taking into account valid subscriptions only, the total demand that was expressed in the Combined Offering amounted to 4,277,505,773 New Shares, thus oversubscribing the total number of the New Shares which were offered (namely 1,200,000,000 New Shares) by 3.56 times approximately.

On 7 May 2021, the 1,200,000,000 new common registered shares of Piraeus Financial Holdings that resulted from the share capital increase, started trading on the Athens Exchange, following the approval of the Listings and Market operation committee of the ATHEX on 6 May 2021.

As of 7 May 2021, the HFSF holds 337,599,150 common shares corresponding to 27.0% of the total shares of the Company, Paulson & Co. Inc. (on behalf of the investment funds managed by it) holds 232,758,919 common shares corresponding to 18.6% of the total shares of the Company, Helikon Investment Limited holds 65,217,391 common shares corresponding to 5.2% of the total shares of the Company.

Rating Upgrades

On 27 April 2021, following the earlier rating upgrade of Greece to “BB” from “BB-”, S&P Global Ratings raised the long-term credit rating on Piraeus Bank S.A. to “B” from “B-”, and affirmed the “B-” rating on Piraeus Financial Holdings. The outlooks on both entities are stable. On 7 May 2021, Fitch Ratings upgraded Piraeus Bank S.A. long-term issuer rating to “CCC+” from “CCC”, reflecting the progress in improving asset quality and capital, following the large NPE disposals and the executed equity raise. On 4 January 2021, Moody’s Investors Service assigned a “Caa2” bank deposit rating to Piraeus Bank S.A., the newly-formed credit institution, and a “Caa3” long-term issuer rating to Piraeus Financial Holdings S.A. Moody’s has assigned a stable outlook to Piraeus Bank S.A. and maintained a stable outlook to Piraeus Financial Holdings S.A. On 11 May 2021, Moody’s affirmed Piraeus Bank “Caa2” bank deposit rating and Piraeus Financial Holdings “Caa3” issuer rating and changed their respective outlook to positive from stable.

Additional Tier 1 Capital Issuance

On 9 June 2021, Piraeus Financial Holdings, announced that it had successfully completed the issuance of € 600 million Fixed Rate Reset Additional Tier 1 Perpetual Contingent Temporary Write-Down Notes (“AT1 Notes”). The issue was subscribed by close to 200 institutional investors, from more than 20 countries, with a total demand reaching € 2.2 billion. The AT1 Notes are perpetual, with no fixed redemption date callable at par at the full discretion of the Company in 2026 or thereafter. They carry a coupon of 8.75%, which is paid semi-annually in arrears. The Company has the right to cancel all or part of any payment of interest in its sole discretion at any time and the nominal amount of the AT1 Notes may be written down or cancelled if the Company or its Supervisory Authority determines that the Common Equity Tier 1 Ratio, as of any date, has fallen below 5.125%.

The AT1 Notes were rated “Ca” by Moody’s and “CCC-“ by S&P. Settlement occurred on 16 June 2021 and the AT1 Notes were listed on the Euro MTF Market of the Luxembourg Stock Exchange. The net proceeds from the issue of the AT1 Notes will be used for general corporate and financing purposes of the Piraeus Group and to further strengthen its capital base and capital adequacy ratios by approximately 200 basis points post the scheduled NPE clean-up.

Sunrise I NPE Securitization

On 15 June 2021, Piraeus Financial Holdings announced that it reached definitive agreements with Intrum AB and Serengeti Asset Management LP for the sale of forty-nine percent (49%) and two percent (2%) of the mezzanine and junior notes of the Sunrise I NPE portfolio respectively. The Sunrise I portfolio consists of retail and corporate NPEs of total gross book value of approximately € 7.0 billion.

The implied valuation for the Transaction, based on the nominal value of the senior notes and the sale price of the mezzanine and junior notes, corresponds to 34.5% of gross book value. Piraeus Bank has already filed an application for the inclusion of the Sunrise I senior notes in the Hellenic Asset Protection Scheme (the “Hercules” scheme). The application related to the provision of a guarantee by the Greek State on the senior notes of approximately € 2.45 billion.

Securitized loans of Sunrise I portfolio have been classified at Group level as held for sale in Q2.2021.

Piraeus Bank will retain five percent (5%) of the mezzanine and junior notes of the Sunrise I securitization as per the respective securitization requirements. Conditional upon requisite supervisory and corporate approvals, Piraeus Financial Holdings is contemplating to distribute part or the whole of the remainder of the said financial instruments to its shareholders. Piraeus Bank will also retain one hundred percent (100%) of the senior notes.

The Sunrise I Transaction is subject to the ordinary terms and approvals by the SSM on SRT, the competent Greek authorities on the HAPS application, and including the consent of the HFSF.

Annual General Meeting

On 22 June 2021, the Annual General Meeting (AGM) of the Company approved the offset an amount equal to € 11,122,919,779 in the Company’s “share premium” account against equivalent accumulated losses from prior years amounting to € 11,122,919,779 by writing-off losses in the account “Retained earnings” and authorized the Board of Directors to implement this decision at its discretion in the appropriate time and manner, taking into account the changing circumstances, the business planning and the respective legislative and fiscal framework, as in effect from time to time.

The AGM also approved i) the share capital decrease in kind by the amount of € 62,518,361.15 by decreasing the nominal value of each ordinary registered share issued by the Company by the amount of € 0.05, and the payment of the amount of the decrease by distributing to the Company's shareholders shares issued by the new established Cypriot company under the name "PHOENIX VEGA MEZZ LTD", a wholly owned subsidiary of the Company, of a value corresponding to the value of the decrease, i.e. 1,250,367,223 ordinary shares issued by the Cypriot Company, each ordinary registered share of a nominal value € 0.05, at a ratio of 1 share of the Cypriot Company for every 1 share of the Company already held by them, and ii) the amendment of Articles 5 and 25 of the Articles of Association of the Company in order to reflect the above share capital decrease and granted authorization to the Board of Directors of the Company to proceed to all necessary actions for the completion of the share capital decrease and the amendment of articles 5 and 25 of the Articles of Association.

Voluntary Exit Scheme

Following the successful implementation of the 2020 Voluntary Exit Scheme ("VES"), the Group initiated in June 2021 a new VES for targeted groups of employees, in accordance with its strategic objectives and transformation priorities. Target of the new scheme is to achieve a release of additional approximately 1,000 full time employees ("FTEs"). As of 30 June 2021 the provision established in relation to VES amounted to € 90 million, out of which € 40 million were recognised within current period.

2021 SSM Stress Test Exercise

On 30 July 2021, Piraeus Financial Holdings announced that had successfully completed the 2021 SSM Stress Test Exercise ("exercise") conducted by the European Central Bank. Under the baseline scenario, the fully loaded total capital ratio stood at 17.1%, while the CET1 ratio at 15.0% at year-end 2023. The baseline scenario was capital accretive by approximately 365 basis points versus 2020 as starting point. The adverse scenario resulted to a depletion of approximately 480 basis points for the 3-year period. The respective depletion in the 2018 Stress Test Exercise was approximately 770 basis points. The resulting fully-loaded capital ratios for year-end 2023 were 8.6% for total capital and 6.5% for CET1. The adverse scenario resulted to approximately 610 basis points depletion at the year with the highest impact (2021). The exercise was based on a static balance sheet approach and did not incorporate initiatives post 31 December 2020. Taking into account the € 1.4 billion share capital increase and the € 0.6 billion AT 1 issuance in Q2.2021, the fully loaded ratios under the adverse scenario for 2023 would be adjusted to approximately 13.5% total capital and approximately 10.0% CET1 as per proforma calculations.

Evolution of Volumes and Results of Piraeus Financial Holdings Group during the first semester of 2021

Piraeus Financial Holdings Group has a systemic position in the Greek banking market in terms of total assets, which amount to € 75.0 billion as at 30 June 2021. The Group holds the most extensive footprint in Greece with 474 branches (plus another 16 branches in 2 countries abroad) and a wide customer base of 5.5 million active customers. The branch network in Greece was reduced by 10 units during the first semester of 2021 as a result of the rationalisation plan. As at 30 June 2021, the Group's headcount totaled 10,132 employees in the continuing operations, of which 9,793 were employed in Greece. Further headcount reduction is expected to take place this year following the VES for targeted groups of employees that was announced in 30 June 2021, as well as branch closures of approximately 60 units.

Piraeus Financial Holdings shareholder structure presents great diversity. The total number of the Company's common shareholders was approximately 20,000 in June 2021. The HFSF held 27% of the outstanding common shares (1,250,367,223 of a nominal value €1.00 each) and the remaining 73% was held by the private sector and in particular 65% were legal entities and 8% individuals.

Regarding the financial position of Piraeus Financial Holdings Group as at 30 June 2021, total assets amounted to € 75.0 billion compared to € 71.6 billion as at 31 December 2020.

Customer deposits of the Group continued to recover, reaching € 51.2 billion as at 30 June 2021, compared to € 49.6 billion on 31 December 2020. The Group holds 28.2% domestic market share in deposits. Savings deposits constitute 42.8% of the total deposits of the Group with time deposits at 23.0% and current, sight and other blocked deposits at 34.2%. Corporate deposits correspond to 27.2% of the total deposit base at the Group with retail deposits at 72.8%. The declining trend in time deposits' cost continued during 2021, with time deposits' cost at 0.16% in H1.2021 versus 0.42% a year earlier. The Group's loan book in terms of gross balance (grossed up with PPA) consists of corporate and public sector 72.3%, mortgage 21.0% and consumer, personal, credit card and other loans 6.7%.

Selected Balance Sheet Figures	30/6/2021	31/12/2020	30/6/2020[2]	YtD	YoY
Gross Loans (grossed up with PPA adjustment)	36,639	49,528	48,306	-26.0%	-24.2%
Less: Expected Credit Loss Allowance (grossed up with PPA adjustment)	(3,489)	(9,904)	(10,514)	-64.8%	-66.8%
Net Loans	33,150	39,624	37,792	-16.3%	-12.3%
Financial Assets	12,293	8,411	5,660	46.2%	117.2%
Other Assets	29,595	23,541	20,930	25.7%	41.4%
Total Assets	**75,037**	**71,576**	64,382	4.8%	**16.6%**
Due to Banks	13,791	11,376	7,583	21.2%	81.9%
Due to customers	51,215	49,636	45,706	3.2%	12.1%
Other Liabilities	3,495	3,411	3,446	2.5%	1.4%
Total Liabilities	**68,501**	**64,423**	56,735	6.3%	**20.7%**
Total Equity	**6,536**	**7,153**	7,648	-8.6%	**-14.5%**
Total Liabilities and equity	**75,037**	**71,576**	64,382	4.8%	**16.6%**

Utilisation of the Eurosystem funding increased further in H1.2021, to € 13.5 billion compared to € 11.0 billion as at 31 December 2020. ECB waiving the eligibility criteria on collateral, allowed Greek Banks including Piraeus to use Greek government debt as collateral for their funding. As a result, the Bank replaced more expensive repo funding with ECB funding. In this context, interbank repo funding remained low at € 80 million as at 30 June 2021 compared to € 96 million on 31 December 2020. Funding from debt securities, increased through the issuance of € 600 million Additional Tier 1 instruments in June 2021.

As at 30 June 2021, gross loans stood at € 36.6 billion compared to € 49.5 billion at 31 December 2020 (of which € 1.5 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 2021). The significant reduction in gross loans during the first half 2021 was related to the acceleration of the balance sheet derisking, related with the conclusion of the NPE securitizations Phoenix & Vega and the classification as held-for-sale of the NPE securitization Sunrise I. Net loans stood at € 33.1 billion as at 30 June 2021 compared to € 39.6 billion as at 31 December 2020, with the Group's seasonally adjusted net loans to deposits ratio at 64.7%, having improved from 31 December 2020 (76.8%, excluding seasonal OPEKEPE seasonal funding facility). New loan disbursements in H1.2021 amounted to € 3.4 billion. Most new loans were directed to businesses.

The Group accelerated the reduction of its NPE portfolio during the first half of 2021, dropping to € 8,997 million as at 30 June 2021 compared to € 22,448 million as at 31 December 2020. The NPEs over total gross loans ratio for the Group decreased to 24.6% vs 45.3% as at 31 December 2020, declining significantly due to the derecognition of the Phoenix and Vega NPE securitizations and the classification of the Sunrise I NPE securitization as held for sale, both in the second quarter 2021,

[2] 30 June 2020 figures correspond to Piraeus Bank S.A. prior to the hive-down being executed as at 30 December 2020.

amounting to a total of € 13.1 billion of NPEs. Accounting for the senior notes (€ 2.45 billion) of the Sunrise I NPE securitization that will be retained by the Bank following the completion of the transaction, the NPE ratio for the Group would stand at 23.0%. The Group NPE coverage ratio of loans by Expected Credit Losses (ECL) Allowance stood at 38.8% compared to 44.1% as at 31 December 2020.

As part of the submission of operational targets for asset quality to the supervisory authorities, the Group has committed to reduce its NPEs. The Group submitted its 2020 NPL strategy update at September 2020 along with all European Banks, while a refreshed submission also took place in March 2021, where the Bank also submitted the Sunrise plan, a comprehensive derisking and growth strategy for the period up to 2024.

The Group's strategy in managing NPEs is to achieve a single-digit NPE ratio by early 2022, following the completion of the Group's NPE Reduction plan, which consists of a number of individual projects, currently at various stages of completion, for a total amount of € 19 billion. A significant element of the NPE reduction plan is the utilisation of HAPS as a mechanism to reduce NPEs and derisk the Group's balance sheet. Engagement in the securitization schemes is further facilitated through the Group's corporate transformation (hive-down) and its strategic partnership with the biggest servicing platform in Greece.

Profit & Loss

The Group's net interest income amounted to € 772 million in H1.2021 posting an increase of 6.2% compared to the same period last year, mainly on the back of an increased fixed income portfolio contribution and due to the realization in the second quarter of 2021 of the incremental 50 basis points benefit from attaining the first period credit growth target as set by the TLTRO III facility. Net fee and commission income amounted to € 177 million in H1.2021, 17.2% higher compared to the same period last year. Other income amounted to € 515 million compared to € 44 million in the previous year, mainly due to gains recognised from the exchange of GGBs (€ 221 million), from the disposal of Italian bonds (€ 85 million) and gains from interest rate derivatives (€ 82 million) reported in Q1.2021.

Total net income for the first half of 2021 amounted to € 1,464 million from € 922 million in the same period last year, an increase of 58.8%. The Group's total operating expenses before provisions in H1.2021 stood at € 491 million, compared to € 452 million in H1.2020, an increase of 8.6%. Excluding the extraordinary costs related with the VES announced at the end of June 2021 and the G&A costs related with transformation projects in the Q1.2021, total operating expenses were lower in the first half of 2021 compared to the same period last year, at -1.8%.

As a result of the above, Group's profit before provisions, impairments and income tax for H1.2021 amounted to € 973 million, compared to € 470 million in H1.2020, an increase of 107%. The results of the first half 2021 were burdened by ECL impairment charge on loans amounting to € 3,240 million, relating with the losses of the Phoenix, Vega and Sunrise I securitizations and other NPE sales (half of the Phoenix/Vega losses were booked in Q1.2021 and the rest in Q2.2021), over and above the organic cost of risk.

The Group's profit/ (loss) before income tax in H1.2021 amounted to a loss of € 2,337 million compared to a loss of € 215 million in H1.2020, while profit from continuing operations attributable to equity holders of the Parent amounted to a loss of € 2,449 million compared to a loss of € 144 million in 2020.

Selected Profit & Loss Figures	30/6/2021	30/6/2020	YoY
Net Interest Income	772	727	6.2%
Net Fee & Commission Income	177	151	17.2%
Other Income	515	44	>100%
Total Net Income	**1,464**	**922**	**58.8%**
Staff Costs	(233)	(212)	9.9%
-excl. VES costs	(193)	(212)	-9.0%
Administrative &Other Expenses	(202)	(182)	11.0%
Depreciation &Amortization	(56)	(58)	-3.4%
Total Operating Expenses before provisions	**(491)**	**(452)**	**8.6%**
-excl. VES costs	(451)	(452)	-0.2%
Profit before Provisions, Impairment and Income Tax	**973**	**470**	**>100%**
Share of profit of associates and joint ventures	(7)	(16)	-
Impairment charges	(3,304)	(670)	>100%
Pre Tax Result	(2,337)	(215)	-
Income Tax Benefit/ (Expense)	(111)	70	-
Profit/ (Loss) for the period	(2,450)	(150)	-
Profit/ (Loss) for the period Attributable to Equity Holders of the Parent from Continuing Operations	(2,449)	(144)	-

Capital

As at 30 June 2021, the Group's total equity amounted to € 6.5 billion, compared to € 7.2 billion which was the level of the equity as at 31 December 2020. The Group's Basel III total capital adequacy ratio (TCR) stood at 14.85% compared to 15.82% on 31 December 2020. The Common Equity Tier 1 (CET 1) ratio stood at 10.87% vis-à-vis levels of 13.75% at 30 December 2020. The Group's total capital adequacy ratio has been affected by the € 1.4 billion share capital increase completed in April 2021, the € 0.6 billion Additional Tier 1 capital issuance completed in June 2021, and the losses relating with the Phoenix, Vega, Sunrise I securitizations and other NPE sales. Pro forma for the RWA relief that will be realized post the derecognition of the Sunrise I NPE securitization, the total capital adequacy ratio (TCR) and the Common Equity Tier 1 (CET 1) ratio of the Group would stand at 15.82% and 11.58%, respectively.

The amount of deferred tax assets included in the Group's regulatory capital in accordance with the provisions of Greek Laws 4172/2013, 4302/2014, 4340/2015, stood at € 3.7 billion as of 30 June 2021, reduced by € 0.1 billion compared to 31 December 2020. The Group's fully loaded TCR stood at 12.91% compared to 13.4% as of 31 December 2020. Pro forma for the RWA relief that will be realized post the derecognition of the Sunrise I NPE securitization, the Group's fully loaded CET1 ratio would stand at 9.42% and the TCR would stand at 13.77%.

Following the conclusion of the SREP (Supervisory Review and Evaluation Process), the ECB informed Piraeus Financial Holdings Group of its Overall Capital Requirement ("OCR"), valid for 2021 (not taking into account Covid-19 mitigating measures). According to the decision, the Group would have to maintain an overall capital requirement ratio ("OCR") of 14.25%, which included: (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 0.50% under Greek Law 4261/2014.

The spread of the Covid-19 pandemic has proven to be an unprecedented challenge both on a global and on a European level. On 12 March 2020, the ECB announced several measures to address the adverse economic effects resulting from Covid-19 on banks under its supervision. Among these measures, the ECB will allow Banks to operate temporarily below the level of capital defined by the Pillar 2 Guidance (P2G) and the capital conservation buffer (CCB). Banks will also be allowed to partially use capital instruments that do not qualify as Common Equity Tier 1 (CET1) capital, for example Additional Tier 1 or Tier 2 instruments, to meet the Pillar 2 Requirements (P2R). This brings forward a measure that was initially scheduled for January 2021, as part of the latest revision of the CRD V. In light of these developments, which were further enhanced by the recent capital raise and AT1 issue, the Group's total capital exceeds the total SREP capital requirement (TSCR) by approximately 360 basis points or approximately 460 basis points when proforma ratio is used.

Going Concern Conclusion

Management assessed and concluded that the Interim Financial Statements have been appropriately prepared on a going concern basis, as the Group and the Company have adequate resources to continue their operations for a period of at least 12 months after the reporting date. Management took into account the following:

a) the prospects for a recovery of economic activity in 2021 and further acceleration afterwards that will recover a part of the lost GDP following the recession in the Greek economy in 2020 due to the Covid-19 pandemic;

b) the continued recovery of the residential and commercial real estate prices during 2020, despite the Covid-19 pandemic and the expected acceleration in 2021 onwards;

c) the Group's robust liquidity position as evident from the Liquidity Coverage Ratio (LCR) as of 30 June 2021, disclosed in the Note 2.2 below;

d) the actions taken by the Group for the reduction of NPEs, having achieved a significant step with the completion of the Phoenix and Vega € 7 billion gross book value NPE securitizations;

e) the capital adequacy of the Group enhanced by the April 2021 share capital increase of € 1.4 billion of Piraeus Financial Holdings via a non-pre-emptive fully marketed offering, which, along with the € 0.6 billion Additional Tier 1 instrument issued in June 2021 and the non-dilutive capital enhancing actions already completed or under way, will result in a cumulative capital benefit of approximately € 3 billion;

f) the measures taken by the European Commission, EBA, ECB and SSM since March 2020 to mitigate the effects of Covid-19 in European member state economies, for individuals and firms facing disruptions, through temporary capital and operational relief measures for European Banks; and

g) the measures taken by the Greek Government and the Hellenic Bank Association to mitigate the effects of Covid-19 in affected lenders.

In the context of this assessment, Management considered also the Group's and the Company's principal business risks deriving mainly from the macroeconomic environment in combination with the Group's and Company's strategy and their liquidity and capital position.

The basis of preparation is presented in Note 2.1 of the six-month Financial Statements.

Non-Financial Information for the first semester of 2021

Group Human Resources

Working environment health index

Following the Culture Pulse Check that took place in March 2019, the **'Together, Employee Survey'** was conducted on 13-28 May 2021, an internal survey for the working environment at Piraeus Group. The aim was to receive employees' feedback on 3 dimensions regarding organizational execution, alignment and renewal which are further analysed to 9 categories (direction, innovation & learning, leadership, work environment, coordination & control, motivation, accountability, capabilities and external orientation). PFH Group is engaged to create an open communication culture where every employee can freely express own views, spotlight on our strengths and identify the areas with room to develop. The survey addressed to the employees of Piraeus Financial Holdings, Piraeus Bank and domestic subsidiaries, with a high participation rate of 74%.

Learning & Knowledge Sharing

All learning activities of the 1st half 2021 were designed and developed digitally, on the grounds of modern instructional design, using new technological tools and techniques.

A total of 211 training programs were completed, with the participation of 7,632 employees, summing up to 160,998 training hours. Banking & Business programs counted for 48% of total learning activity, with emphasis on preparatory programs for certification and re-certification in investment and bankassurance products and services. In total, 509 new certifications were acquired.

Risk & Controls programs accounted for 25% of the training activity, focusing on Anti-Money Laundering systems and processes, Banking Secrecy, Code of Conduct & Ethics and Cybersecurity. Workplace Wellbeing programs reached 22%; First Aid and Natural Resources Management were the large-scale programs of the category. At the same time, a new skills development initiative was launched for employees that participate in Act, the Group's transformation program, aiming to establish a shared understanding in managing projects, leading project teams and collaborating. In the context of leadership and performance management, the new program "Feedback with Honesty" was launched in order to build a common feedback culture among team leaders.

The average of training hours per employee was 17 while 80% of employees participated in at least one training initiative.

Health, Safety & Wellbeing

The Group actively contributes to the prevention of the spread of Covid-19, aiming to protect the health of all of its stakeholders. Until the end of June 2021, the Group has taken the following measures:

- Close cooperation with authorities and implementation of all measures recommended for prevention and protection of its employees,
- 24-hour telephone medical guidance and support to all employees in collaboration with the National Public Health Organization (EODY),
- Special Covid-19 Leave for 96 employees with serious health issues,
- Special leave of absence granted to 1,690 employees with children pursuant to the provisions of the Greek authorities,

- During the period of the lock-down, approximately 7,251 employees worked from home to meet the need for alignment with the Health & Safety (H&S) protocol and business continuity plan.

Finally, into supporting motherhood, we provided 244 cumulative motherhood related absences.

Ef zin | Actions for the employees' health and well-being

Ευ ζήν (Ef zin), Group's wellbeing program was created in April 2021 and it is the Group's holistic program on health and well-being, activating Mind, Body and Connections. Ευ ζήν is addressed to employees and their families and aims at raising awareness, informing and promoting the sense of giving back to the society, through a variety of actions, such as inspirational talks, live virtual fitness programs, as well as voluntary environmental activities.

Since April 2021, there have been 19 online speeches on health and wellness issues with 2,800 participations in total. In addition, through Ευ ζήν action #PerpatameGiaKalo the pillar that gathered the most steps chose the Non-Governmental Organization SOS Home and the Group made a donation.

Ethical Workplace

The Group's objective is to ensure that business ethics define all its activities and its employees are fully aligned with its values and principles.

In this context, the Code of Conduct and Ethics is provided, which applies to all employees in the Group and focuses on the principles of responsibility, meritocracy and transparency, while encouraging actions and behaviors that enhance an ethics culture. At the same time, it is in line with the Banking Code of Conduct (issued by the Hellenic Banking Association) and the Compliance Policy.

The Code is available in the Company's internal website -the HR Portal platform- and in the Group's corporate site and is revised periodically based on the Group's strategic priorities and corporate needs. Every new employee, upon hiring, is informed about its content and signs a declaration of receipt and notification.

In order to safeguard internal control system and the compliance with the Code of Conduct and Ethics directions, the Whistleblowing procedure is applied. According to the procedure, incidents of irregularities, omissions, corruption and any kind of inappropriate/unethical behavior and/or harassment detected in the working environment, are reported using the relevant communication channels. A basic and firm principle of the procedure is the protection of the anonymity and the principle of confidentiality of the employees' data who submit or are included in the reports. At the same time, the organization opposes retaliation against any employee who reports or participates in the investigation of an existing or suspected violation of the Code of Ethics.

Additionally, issues of conduct and the ethics culture are included in the framework of the Company's risk culture program.

Voluntary Exit Scheme (VES): At the end of June 2021 the Group announced a new VES for its employees. The Scheme's terms and conditions were designed responsibly in order to offer the best possible financial benefit to employees, taking into account social criteria, business needs of the organization and in alignment with its strategic plan.

Group Life and Health Program: The Group, recognising the importance of health, constantly aims to improve the benefits it offers through the Group Life and Health Insurance Policy, both to its employees and to their families. In this direction, with the renewal of the contract, a broad category of diseases, known as 'congenital diseases', was included in the coverage, through the hospital category.

IORP: In June 2021, the Board of Directors of the Institution for Occupational Retirement, Life and Medical Provision (IORP) approved the inclusion in Sector A (Pension), of the staff of the following subsidiaries: Piraeus Factoring Single Member S.A., Piraeus Direct Solutions Single Member S.A., Piraeus Securities S.A, Piraeus Leasing S.A., Piraeus Financial Leases S.A. and Piraeus Financial Leasing Single Member S.A. With this integration, the staff of the above subsidiaries, is offered the opportunity to receive a supplementary lump sum, thereby improving its retirement conditions. Furthermore, actions were launched, initially for the Bank and Piraeus Financial Holdings S.A., in order to examine the inclusion in our professional fund of supplementary health care (group insurance NN).

Performance Management

During H1 2021, the 2020 performance cycle “Become & Achieve” was completed for 78% of employees, following the calibration meetings. In total, 106 calibration meetings were conducted via teleconference.

At the same time, 57% of managers received peer and team feedback regarding their alignment with our corporate values, an equally important element of performance evaluation.

Finally, the 2021 performance cycle “Become & Achieve” was launched, starting with the identification of strategic enablers across the organization and functional objectives for each function, while the individual contribution setting and the check-ins are still in progress.

Finally, the Objections Policy framework was defined and it was approved by the Executive Committee. The framework is part of the Performance Management Policy and describes all the actions that have to be taken as well as the operation of the Objections Committee.

Talent management

The goal of talent identification and management is the recognition, development and retention of talent in the organization, today and in the future. Within this context, the assessment of potential that was completed in late 2020 as a pilot phase, was validated by the direct reports of function heads during H1 2021. Totally 10,362 employees participated.

The procedure focuses on “What” an employee is able to achieve in the future and his/her readiness to act in a bigger role (horizontally or vertically). For assessing potential, the following criteria have been taken into consideration: learning agility, positive influence and self-motivation. The aim of this procedure is to design targeted actions that will promote talent development.

Succession Planning

Succession planning is the process that its main goal is to develop of a framework for the identification of potential successors for critical positions within the organization. With the appropriate preparation, the potential successors will be ready to undertake these positions whenever the need appears.

In this context, potential successors for CEO, BoD and CEO’s Direct Report, were identified, with the contribution of external partner. The results were presented to the CEO and Remuneration Committee in February 2021, while the purpose is to identify potential successors for every critical position in the organization.

Environmental Management – Improving Environmental Performance

Piraeus Bank is registered under the EU Eco-Management and Audit Scheme (EMAS) and its Environmental Management System (EMS) is certified in accordance with Standard ISO 14001:2015. The environmental data and Key Performance Indicators are reported in Group's Sustainability & Business Report[3] and in the Environmental Statement[4]; are validated by a third party assurance agency and are externally assured. In 2020, the CO2eq emissions per employee dropped by 44.0%, electricity consumption per sq. m. dropped by 8.0% and water consumption per employee was reduced by 23.0%.

Scope 1 emissions were significantly reduced in 2020 by 4.3% and Scope 2 emissions by approximately 14% compared to 2019[5]. Scope 3 emissions account for 93% of total GHG emissions of the Group and this is mainly due to the Bank's financing, i.e. mortgage lending and investments (category 15). For 2020, the emissions from mortgages were calculated using the new PCAF (Partnership for Carbon Accounting Financials) methodology, following the commitment to the Science Based Targets initiative (SBTi)[6]. Due to this new methodology, Scope 3 emissions related to mortgages decreased in 2020 by 52% compared to the previous year. Investment emissions decreased by 32% due to the declining turnover of companies and the new methodology.

Selected Piraeus Bank's environmental targets for 2021: 5% reduction in total electricity consumption per square meter for the Bank's buildings included in the integrated energy management programme (2-year target, base year 2020), 5% reduction in total paper consumption per employee (3-year target, base year 2020), 10% reduction of water consumption per employee.

The Group purchased Guarantees of Origin, certifying that 100% of the electricity consumed on the Group's premises was derived from Renewable Energy Sources (43,193 MWh).

Addressing Climate Change

Every year Piraeus Bank applies its Climate Risk Management Model to estimate in monetary terms the climate risk of Greek business borrowers across different economic sectors mostly influenced by climate change. Total climate risk of business borrowers for 2020 was estimated at € 1.0 billion compared to € 1.1 billion in 2019 and corresponds to 0.6% of their total turnover. Physical risk is 33.3% (2019: 32.7%) and transition risk is 66.7% (2019: 67.3%). 93.1% of business loan portfolio relates to sectors with negative risk to low climate risk and only 6.9% of loan portfolio relates to sectors with medium and high climate risk.

Participation in Sustainability Indices and Distinctions

The Group is systematically assessed by sustainability agencies and this process enables it to constantly improve its Environment Social Governance (ESG) practices.

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[3] Sustainability & Business Report: https://www.piraeusholdings.gr/en/investors/financials/annual-reports#2020|1

[4] Environmental Statement https://www.piraeusholdings.gr/en/sustainable-banking/environment-and-society/environment/environmental-fields-of-action/environmental-management > Environmental Statement

[5] Scope 1 emissions are the direct emissions emitted from sources owned or controlled by the Bank (e.g. heating oil consumption and fuel consumption by company cars). Scope 2 emissions derive from electricity consumption in buildings and Scope 3 is defined as all other indirect emissions that are not included in the Scope 2 category and are related to the Bank's activities, including its financing.

[6] The SBTi is a partnership between CDP, the United Nations Global Compact (UNGC), World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) that encourages companies to set science-based targets to reduce their GHG emissions, aligns with the goals of the Paris Climate Agreement.

During the first half of 2021, the Bank received the following distinctions:

- the only Greek bank that was included in the CDP's "A List" in 2021 for its climate risk management. CDP focuses on how companies manage climate risks and opportunities. Having a high CDP score, the Financial Times included Piraeus Bank in its 2021 Europe's Climate Leaders list;
- it was awarded the gold award "Gold 2021- EBRD Sustainability Award-Financial Intermediaries" by the European Bank for Reconstruction and Development (EBRD). The Bank was ranked first for its sustainable banking activities among 100 international banks, members of the EBRD, based on the annual assessment based on data on their environmental and social performance. Of particular note, was the fact that it is the first Bank in Greece to launch sustainability linked loans, i.e. financing whose final interest rate is determined by the degree of achievement of environmental objectives;
- Piraeus Bank received in 2021 the highest distinction "Diamond" in the Corporate Responsibility Index – CRI.

Principles for Responsible Banking

In the context of the Principles for Responsible Banking, a United Nations Environment Programme (UNEP) FI Working Group developed the "Portfolio Impact Analysis Tool for Banks". The Tool provides banks with an overview of the positive and negative impacts of their portfolio on the economy, society and the environment in which they operate. Piraeus Bank is the only Greek bank that participates in the development of this Tool.

Piraeus Bank, using the Impact Analysis Tool, analysed its retail, business and corporate portfolio for 2020. Taking into account the portfolio impact analysis and the Group's overall business strategy, the areas of sustainable development identified and prioritized are the following:

Economy	Society	Environment
- inclusive economy - economic convergence	- housing - culture & cultural heritage - transport quality - access to food	- climate - energy - efficiency of natural resources - biodiversity & ecosystems

The results of the analysis are aligned with Piraeus Group's ESG Action Plan.

Related Party Transactions

With reference to the transactions of the Company with related parties, such as members of the Board of Directors and the management of the Company and its subsidiaries, these were not material in the 1st semester of 2021, and a relevant detailed reference is included in Note 27 of the Mid- year 2021 Interim Financial Statements.

Risk Management

Risk Management is an area of particular interest and focus in Piraeus Financial Holdings, targeting a holistic approach to risk management in terms of risk identification, assessment and control, at Group level. The prudent implementation and continuous development of the risk management framework constitutes a priority and is taken into account when designing the Group's strategy and business plan.

The purpose of Group Risk Management (GRM) is to safeguard the optimum usage of the Group's resources, its capital, its reputation and its people. The ultimate goal is to achieve the targeted return on equity by means of pursuing the Group's strategic plan, while at all times ensuring tactical initiatives remain respectful of the defined risk appetite.

In this context, the key driving principles of GRM are described below:

- Strategically manage capital and liquidity;
- Increase focus on strategic risk;
- Enhance risk management capabilities;
- Iterative governance augmentation;
- Shape a strong Risk Culture.

During H1.2021, Group Risk Management continued developing the Group's risk management framework in alignment with the strategic plan.

As reflected in the design and implementation of the strategic plan, it is of high priority for the Group to further develop sophisticated risk management practices and robust models and methodologies. More importantly, the Group aims to solidify the sound risk culture and awareness across all levels of the organization.

Indicatively, 2021 key risk strategic and functional objectives include:

- Stress testing & balance sheet diagnostics infrastructure project;
- ECB roadmap on climate-related and environmental risks;
- Large exposures report automation;
- Guidance on loan origination and monitoring;
- Executive Committee Act 175 (ΠΕΕ 175);
- Credit risk models calibration based on the EBA New Definition of Default;
- Early warning system development for the efficient performing portfolio management;
- On-site-inspection (OSI) credit risk loan tape development;
- Value at Risk (VaR) methodologies enhancements;
- New EBA Reporting Framework 3.0 – Requirements analysis & implementation;
- Interest Rate Risk in the Banking Book (IRRBB) initiatives;
- Operational risk framework enhancement.

Risk | Function & Initiatives:

Risk is responsible for the development of the risk management framework (policies, methodologies, models and processes) with respect to credit risk, collateral risk, market, liquidity and Asset and Liability Management ("ALM") related risks. To that end, the unit deploys proper methods, including models, that allow the identification, measurement and monitoring of the aforementioned risks.

Moreover, it is responsible for the design and implementation of the Group's Internal Liquidity Adequacy Assessment Process ("ILAAP") and leads the preparation and execution of regular enterprise-wide liquidity stress tests.

Further, Risk produces risk-related reporting to the Group Management and Management/BoD Committees as well as to the supervisory authorities.

During the first half of 2021, Risk has led/participated in a number of strategic and functional risk initiatives. Indicatively:

Credit Risk

Credit Risk developed and led a series of initiatives targeting to assess and effectively manage related risks in line with Group's Risk Appetite Framework (RAF). Such initiatives indicatively comprise:

- Active involvement in the synthetic securitization projects;
- Cascading of new Key Risk Indicators (KRI's) for RAF purposes;
- Update of Credit Risk Management's Framework.

Further, several tasks and projects were deployed by Credit Risk to facilitate and enhance risk management practices, as described below per responsible unit:

- **Credit Risk Monitoring**
  - Led Group's response to Supervisor's Covid 19 targeted reviews;
  - Coordinated Group's full transition to the new Definition of Default (DoD);
  - Ongoing sponsorship of credit risk related projects (e.g. 'EBA Guidance on Loans Origination and Monitoring', 'BOG Act 175, 'New Large Exposures Framework', 'UTP alignment with new LAW 4738').
  - Enhancements in monitoring of new disbursements (Retail and Small Business infrastructure, Revised Car Loans Application Score Cut off).

- **Impairments**
  - Further optimized Individual Impairment process by minimizing cycle-time;
  - Re-assessed the impairment parameters, where necessary, in order to be appropriate for the current, affected by the Covid-19, environment;
  - Implemented new Probability of Default (PD) models for specialized lending portfolios within IFRS 9 infrastructure;
  - Initiated project related to data infrastructure for SSM On-Site Inspections.

- **Credit Risk Models**
  - End to end execution of the credit risk module for the 2021 EBA Stress Testing exercise;
  - Sponsorship of the transition project to the new business models platform, "Credit Lens";
  - Developed three new PD models for forborne/ non-forborne mortgage loan portfolio;
  - Developed five new self-cure rate models for IFRS 9 purposes.

- **Market, Liquidity Risks and ALM**
  - Initiation of Risk- Pro upgrade Project for IRRRB and Liquidity measurement and Reporting;
  - Development of Credit VaR methodologies for quantifying migration risk in the Fixed Income Book;
  - Implementation of the regulatory requirements of the new framework Capital Requirements Regulation (CRR)2/CRD5 with respect to LCR, NSFR, Additional Liquidity Monitoring Metrics (ALMM) and Asset Encumbrance;
  - Initiation of projects in ALM to enhance software capabilities with regards to Constant / Dynamic Balance Sheet functionalities, in automating, in the management of the behavioral models employed in IRRBB, and in MUREX –VaR project for Market Risk.

- **Own Assets and Collateral Risk**
  - Development of data infrastructure to unite real estate information from various databases.

Balance Sheet and Capital Planning | Function and Initiatives:

Balance Sheet and Capital Planning supports the development and implementation of the Group's Strategy, aiming at the effective management of risks and balance sheet optimization. To this end, the unit is responsible for the development and maintenance of the Risk and Capital Strategy as well as RAF of the Group, in accordance with the Risk Committee and Board of Directors' directions and guidance.

Moreover, it is responsible for the design and implementation of the Group's Internal Capital Adequacy Assessment Process ("ICAAP") and leads the preparation and execution of regular enterprise-wide stress tests. Further, it is responsible for the coordination and overall maintenance of the Group's Recovery Plan.

Finally, Balance Sheet and Capital Planning is responsible for the measurement, monitoring and reporting of capital requirements and capital adequacy ratios of the Group.

During the first half of 2021, Balance Sheet and Capital Planning has undertaken a number of strategic risk initiatives. Indicatively:

Risk Strategy

- Risk Identification Report 2021 submission;
- Risk and Capital Strategy: 2021 updates and submission;
- Risk Identification and RAFs update and submission;
- Submission of the 'Strategic Processes Alignment' document;
- Project lead / coordination for the submission of ECB Questionnaire A & B on environmental and climate related risks and the implementation of the ECB Roadmap.

Capital Planning and Stress Testing

- Project lead / coordination for the 2021 EU Wide Stress Test;
- Implementation of the ICAAP 2020 exercise and successful submission to the SSM of the ICAAP 2020 reporting package;
- ICAAP Framework and Methodology update, implementing more advanced measurement methods in response to changes in the Group's risk profile, in tandem with the execution of its derisking strategy (i.e. securitizations) also addressing further internally identified needs and relevant supervisory findings.

Capital Calculation and Reporting

- Enhancement of capital management analytical and reporting framework, in preparation of the CRR2 milestone date of 30/06/2021 (introducing amongst other changes the prudential backstop, a change in RWA measurement for CIU and a change in Exposure at Default (EAD) measurement for counterparty credit risk through the SA-CCR methodology);
- Incorporation of the new definition of default in capital calculation operations;
- Upgrade of capital management infrastructure capabilities to allow for planned traditional & synthetic securitization Significant Risk Transfer (SRT) monitoring and regulatory reporting.

Control | Function and Initiatives:

Control is responsible for the identification, monitoring and assessment of all types of risks (credit, market, operational, liquidity, etc.) arising from the Group's activities, through the development, implementation and evaluation of an adequate Internal Control System, in order to ensure the safe and efficient operations of the Group and the achievement of its business objectives. Also, the unit is collaborating with Segment Controllers to accomplish its mission.

During the first half of 2021, Control has led in a number of strategic and functional risk initiatives. Indicatively:

Operational Risk and Control

- Enhancement of Information and Communication Technology (ICT) risk management in 2nd line of defense;
- Establishment of a "Management Accept Risk" (MAR) Process;
- Establishment of a Product Approval Process;
- Implementation of a Bank-wide platform for the management of internal control deficiencies;
- Enhancement of operational risk loss collection and analysis, with focus on legal cases and credit related incidents;
- Redesign and enhancement of the risk and control assessment process.

Credit Control

Regarding enhanced Control Framework in accordance with implementation of 3 Line of Defense (LoD) model, Credit Control Performing & Troubled Assets adjusted their scope and responsibilities related to:

- Deep Dive Credit Review methodology. Updated version targeting 1LoD Process review, adherence to Credit Policy, EBA Status, Unlikely to Pay (UTP) – Forbearance flagging;
- Design of new Data Automated Trigger template & Key Performance Indicators, in collaboration with Risk Analytics Data Office;
- Credit Control Findings & Recommendations Process and Reporting;
- Process design (new responsibility) for Regular ex-post monitoring of Senior Credit Committees' adherence to the rules and obligations according to Group Internal Operations, Regulations and Credit Policy.

In addition, given the Covid-19 pandemic crisis measures, Performing Assets and Troubled Assets units continued adjusting their review plans, to accommodate specialized review projects to ensure classifications and payment moratoria are granted based on the agreed policy and regulatory guidelines:

- Completion of ad hoc review and reporting for Covid affected Wholesale Core & Non-Core portfolio;
- Initiation of a Review on Core and Non-Core Retail Covid Related portfolio.

Model Validation

The enhancement of the Bank's Internal Control Framework as a functional objective, led to the strategic development of model validation activities by further expanding the Model Validation scope to cover additional areas of the Bank (e.g. capital management, real estate, etc.). Furthermore, existing Model Validation activities were enhanced by covering additional aspects, aiming to further mitigate model risk. Indicatively, actions performed by Model Validation Unit towards this direction were:

- Enhancements of the IFRS9 validation reports, regarding the assessment of the Macro and Lifetime PD models.
- Validation of the Bank's Staging Projection and NFCI models used in EBA Stress Test 2021 and provision of detailed description on Model Validation activities and results for the above models, as part of the respective Q&A session.

- Enhancement of the PD retail validation reports regarding the visual inspection monotonicity shifts of the observed default rate.
- Enhancement of the existing validation metrics regarding the retail application scorecards.
- Enhancement of the Model Validation Policy with respect to Model Validator’s discretions, Model improvement suggestions and follow up on findings.
- Completion of the UAT document regarding the C-STAR Validation Module.

Analytics | Function and Initiatives:

Analytics is responsible for undertaking end-to-end holistic analysis with a view to responding to challenges arising within the risk management framework. To that end, the unit employs accounting, financial engineering, product expertise, investigation, intelligence, technology, economics and deep industry skills, along with consistent proven global methodologies to help reduce unwarranted risk and commercial loss. Analytics also coordinates and monitors projects under the hospice of Group Risk Management and being responsible for risk management data and operations.

During the first half of 2021, Analytics has led in a number of strategic and functional risk initiatives. Indicatively:

Forensics / Solutions

- Continuous enhancements of ART - a risk based pricing tool – and its wider application in various portfolios:
  - Testing period for integration of ART started for Mortgages with fixed term, Consumer, and Small Business portfolios;
  - Integrating “Client Plan” in ART for Large Corporate, Project Finance and Shipping portfolios. With the new functionality, Relationship Managers will have a better view on the impact of a new loan on the profitability of the entire customer relationship aiming to evaluate the customer relationship as a whole.

Group Risk Project Management Office

- Coordinate the submission of the annual plan of projects and their prioritization throughout the year;
- Assessment of ad-hoc projects and re-prioritization of the overall unit's projects as an on-going process so as to be aligned both with strategic objectives of the Group and Unit’s needs;
- Coordinate the annual Risk budget submission and monitor the actual risk performance during the year.

Risk Data Office and Operations

- Responsible for the risk systems’ operations and configuration management; coordinates the risk data aggregation and reporting tasks (Finrep, Corep, Cost of Risk, regulatory data tapes, etc.);
- Data quality incident management;
- Risk systems’ operational incident management;
- Data modelling and design; Data analytics and reporting.

Segment Controller and Unit Controllers | Function:

The **Controllers** (Segment and Unit Controllers) work closely, in cooperation with the Group Risk Management units and the Segment Head (CRO), aiming at the optimization of the Segment’s ICS (Internal Control System) while performing the following activities on a continuous basis:

- Gap analysis, assessment and enhancement of the risk management framework, on a constant basis, including policies, procedures, systems, etc. and above all strong governance in terms of clear roles and responsibilities;

- Assessment of operational risks and potential impacts, which is essential in the effective allocation of resources that are required to maintain, develop and test the key controls;
- Collection, analysis and coordination of remedy implementation of findings, incidents and operational risk losses as material inputs in the risk assessment process;
- Maintenance of and active participation in the RCSA (Risk Control Self-Assessment), BCP (Business Continuity Plan) and other control related processes;
- Participation in the design of the control framework projects of the Sector and risk culture enhancing initiatives and overview of the implementation within the Segment.

Committees

Market Scenario Steering Committee: The Market Scenarios Steering Committee reviews and approves scenario variables and probability weights derived by the Economics and Investments Strategy Unit. 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 on loans and advances to customers at amortised cost of the Company, 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 Group for the calculation of provisions.

Finally, the Provisioning Committee is responsible for:

a. monitoring the reclassification of exposures [Performing Exposures (PE)/ Forborne Preforming Exposures (FPE)/ NPE/Forborne Non Preforming Exposures (FNPE)], as they result from the implementation of the Group and the Company'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.

Risk Models Oversight Committee: The Risk Models Oversight Committee (RMOC), composed of Executive Committee members and chaired by the CRO, is mainly responsible for the implementation of the Model Management and Governance Framework and the review and approval of relevant issues.

In particular, the Risk Models Oversight Committee reviews and approves the Model Development Framework, the initiation of the development of new models, as well as the use and the potential removal/replacement of existing ones. Also, it reviews and approves the Model Validation Framework, the Annual Model Validation Plan and the model validation assessments submitted by the Model Validation Unit and monitors the adherence to the timetable for the implementation of respective recommended actions.

Prospects and challenges of Piraeus Financial Holding Group's Operations in the second semester 2021

The first semester of 2021 was characterized by a gradual recovery in the global economy and Greece in particular, although the year continued to be affected by the same uncertainties as 2020 due to Covid-19.

With the support from the European authorities, the Greek administration has provided among the largest fiscal stimuli in the Euroarea, and along with the accommodative policies of the European Central Bank, has shielded the banking sector and supported the flow of funding to Greek households and businesses.

For Piraeus Financial Holdings Group, 2021 is a year of complete turnaround, through the execution of its strategic business plan "Sunrise", which aspires for Piraeus to reach a single-digit NPE ratio by early 2022, while maintaining solid capital buffers via € 3 billion capital enhancement actions and enabling sustainable profitability drivers for the short and medium term.

Piraeus Group has achieved material progress on all pillars of its business plan during the first semester 2021. Three-large-scale NPE securitizations have been executed or they are quite advanced, reducing Group NPEs by more than € 13 billion, to € 9.0 billion at end of June 2021 compared to € 22.5 billion as at end December 2020, driving the NPE ratio to 23% from 45%. Additional balance sheet de-risking actions are on track to be concluded by early 2022, in order to achieve the 9% NPE ratio aspiration. Capital buffers have been maintained through the successful completion of a share capital increase of € 1.4 billion at the end of April 2021, the issuance of € 0.6 billion of Additional Tier 1 capital in mid-June 2021, along with the non-dilutive capital enhancing actions already completed or under way of total € 1.0 billion. The transformation plan is being executed without delays, with approximately 50% of 2021 projects underway and approximately 20% already completed.

The anticipated private investment boom mobilized by the Next Generation EU funding, the gradual resumption of tourism to pre-Covid crisis levels and the recovery of consumer consumption are expected to drive the Greek economy to a sustainable trajectory of mid-single digit growth rates this year and for a number of years ahead.

With regards to potential risks, while the vaccination program is progressing at a satisfactory pace, a more prolonged pandemic would enhance downside risks to all sectors of the economy, perpetuate debt problems and lead to additional NPE generation. Furthermore, any potential change in the regulatory stance could result in an increase of future provisions, burn capital buffers, lead to the classification of additional loans and exposures as "non-performing" and a significant decrease in our revenue, which could materially and adversely affect our financial position, capital adequacy and operating results.

Notwithstanding the progress achieved towards the completion of our plan to date, the execution of the remaining steps will be complex and entail certain operational and execution risks, such as a potential worsening of market conditions, deterioration in the financial condition of our borrowers, receipt of necessary approvals from third parties, as well as other constraints stemming from events beyond our control, including changes in the regulatory landscape, or regulatory expectations for intensified NPE reduction actions, any of which could cause significant interruptions or delays in the implementation of our plans or require us to complete these transactions on less favourable terms.

Although we plan to partially replenish any lost interest income caused by the de-risking of our balance sheet, through loan expansion and increased fixed income holdings, as well as further optimization of our funding sources costs, we may not be able to fully utilize these net interest income drivers timely, due to delays in the recovery of the Greek economy or other adverse global macroeconomic developments, market disruptions and unexpected increases in funding costs.

The solid execution to date of our strategic business plan, and the pragmatic assumptions that it is based on, allow us to be optimistic for the successful completion of the Sunrise plan that will enable the Group to focus on its core strengths, to finance the Greek economy and provide attractive returns to its shareholders, while maintaining a strong corporate culture and continuing to contribute towards a cohesive and inclusive society.

On behalf of the Board of Directors

George Handjinicolaou	Christos Megalou
Chairman of the Board	Chief Executive Officer

4 August 2021

ESMA's ALTERNATIVE PERFORMANCE MEASURES (APMs) AT GROUP LEVEL

A. APMs

No	APM	APM Definition – Calculation	6M 2021	FY 2020	6M 2020
1	Financial Assets	The sum of: financial assets at FVTPL, financial assets mandatorily at FVTPL, Loans and advances to customers mandatorily at FVTPL, financial assets at FVTOCI, debt securities at amortised cost	12,293	8,412	5,660
2	Loans to Deposits Ratio (LDR) – (Seasonally Adjusted)	Seasonally Adjusted Net Loans over (/) Deposits	64.7%	76.8%	82.7%
3	Non Performing Exposures (NPEs)	On balance sheet credit exposures before ECL allowance for impairment on loans and advances to customers at amortised cost that are: (a) past due over 90 days; (b) impaired or those which the debtor is deemed as unlikely to pay ("UTP") 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 and other unlikely to pay (UTP) criteria	8,997	22,448	23,333
4	NPE Ratio	NPEs over (/) gross loans before impairments & adjustments	24.6%	45.3%	48.3%
5	NPE (Cash) Coverage Ratio	ECL allowance for impairments on loans and advances to customers at amortised cost over (/) NPEs	38.8%	44.1%	45.1%
6	New loan disbursements		3,448	6,295	2,775
7	Adjusted NPE Ratio	NPEs over (/) gross loans before impairments adjusted for the Sunrise I Senior Notes amounting to approximately € 2,450 million for 30 June 2021	23.0%	45.3%	48.3%
8	Other Assets	Balancing Item: equals (=) Total Assets minus (-) Net Loans minus (-) Financial Assets	29,595	23,541	20,930

No	APM	APM Definition – Calculation	6M 2021	FY 2020	6M 2020
9	Other Income	Balancing item: equals (=) Total net Income minus (-) Net Interest Income minus (-) Net Fee and Commission Income	515	90	44
10	Other Liabilities	Balancing Item: equals (=) Total Liabilities minus (-) Due to Banks minus (-) Customer Deposits	3,495	3,411	3,446
11	Recurring Operating Expenses	Operating expenses minus (-) One-off expenses	(451)	(937)	(452)
12	Total Regulatory Capital (Phased in) on a Pro forma basis	Total capital, as defined by Regulation (EU) No 575/2013, with the application of the regulatory transitional arrangements for IFRS 9 impact, subtracting (-) from the denominator the RWA of the Sunrise I NPE securitization classified as Held for sale (HFS) as at 30 June 2021 and subtracting the RWA of NPE portfolios classified as HFS as at 30 June 2020	15.82%	15.82%	16.12%
13	CET1 Capital Ratio (Phased in) on a Pro forma basis	CET1 capital, as defined by Regulation (EU) No 575/2013, with the application of the regulatory transitional arrangements for IFRS 9 impact, subtracting (-) from the denominator the RWA of the Sunrise I NPE securitization classified as HFS as at 30 June 2021 and subtracting the RWA of NPE portfolios classified as HFS as at 30 June 2020	11.58%	13.75%	14.09%
14	CET1 Capital Ratio (Fully loaded) on a Pro forma basis	CET1 capital, as defined by Regulation (EU) No 575/2013, without the application of the regulatory transitional arrangements for IFRS 9 impact, subtracting (-) from the denominator the RWA of the Sunrise I NPE securitization classified as HFS as at 30 June 2021 and subtracting the RWA of NPE portfolios classified as HFS as at 30 June 2020	9.42%	11.31%	11.58%

No	APM	APM Definition – Calculation	6M 2021	FY 2020	6M 2020
15	Total Regulatory Capital (fully loaded) on a Pro forma basis	Total capital, as defined by Regulation (EU) No 575/2013, without the application of the regulatory transitional arrangements for IFRS 9 impact, subtracting (-) from the denominator the RWA of the Sunrise I NPE securitization classified as HFS as at 30 June 2021 and subtracting the RWA of NPe portfolios classified as HFS as at 30 June 2020	13.77%	13.43%	13.67%

B. APMs Components

BALANCE SHEET

No	APM Component	APM Definition – Calculation	6M 2021	FY 2020	6M 2020
1	Deposits or Customer Deposits	Due to Customers	51,215	49,636	45,706
2	Due to Banks	Amounts owed to Banks	13,791	11,376	7,583
3	Expected Credit Loss (ECL) Allowance grossed up with PPA adjustment	ECL allowance for impairment losses on loans and advances to customers at amortised cost	(3,489)	(9,904)	(10,514)
4	Gross Loans grossed up with PPA adjustment	Loans and advances to customers at amortised cost before ECL allowances for impairment on loans and advances to customers	36,639	49,528	48,306
5	Net Loans	Loans and advances to customers at amortised cost	33,150	39,624	37,792
6	Seasonally Adjusted Net Loans	Net loans and advances to customers at amortised cost minus (-) OPEKEPE seasonal funding facility of €1,516 million as at 31 December 2020 and €0 as at 30 June 2020 and 30 June 2021	33,150	38,108	37,792

INCOME STATEMENT

No	APM Component	APM Definition – Calculation	6M 2021	12M 2020	6M 2020
1	Impairment Charges	ECL Impairment Losses on loans and advances to customers at amortised costs plus (+) Impairments losses on other assets plus (+) ECL Impairment Losses on financial assets at FVTOCI plus (+) Impairments on subsidiaries and associates plus (+) Impairment on property, equipment and intangible assets plus (+) Other impairments and provisions	(3,304)	(1,104)	(670)
2	Net Fee & Commission Income (NFI)	Fee Income minus (-) Fee Expense	177	317	151
3	Net Interest Income (NII)	Interest Income minus (-) Interest Expense	772	1,486	727
4	Net Results - Net Profit	Profit / (loss) for the period from continuing operations attributable to shareholders of the Parent	(2,449)	(652)	(144)
5	Net Revenues	Net interest income plus (+) Net fee and commission income plus (+) Dividend Income plus (+) Net gain/(losses) from financial instruments measured at fair value through profit or loss ("FVTPL") plus (+) Net gain/(losses) from financial instruments measured at fair value through other comprehensive income ("FVTOCI") plus (+)Net gain/(loss) from derecognition of financial instruments measured at amortised cost plus (+) Gain/(loss) from disposal of subsidiaries and associates plus (+) Net other income/ (expenses)	1,464	1,893	922
6	Non Recurring (one-off) Expenses	In H1.2021 Voluntary Exit Scheme ("VES") staff costs of € 40 million were classified as one-off, ("VES One-Off") and € 7 million General &Administrative costs	47	147	0
7	Operating Expenses (Opex)	Total operating expenses before provisions	(491)	(1,084)	(452)

8	Pre Provision Income (PPI)	Profits before provisions, impairment and income tax	973	809	470
9	Pre Tax Results - Pre Tax Profits (PBT)	Profit / (loss) before income tax	(2,337)	(530)	(215)

The Board of Directors' Report contains financial information and measures as derived from the Group and the Company's Interim Financial Statements for the periods ended 30 June 2021 and 30 June 2020 which have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" or the Annual Financial Statements for the year ended 31 December 2020, 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.

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TRUE TRANSLATION

Independent Auditor's Review Report

To the shareholders of "Piraeus Financial Holdings S.A."

Review Report on Interim Financial Statements

Introduction

We have reviewed the accompanying separate and consolidated interim statement of financial position of the Company and the Group of "Piraeus Financial Holdings S.A." (the "Group") as of 30 June 2021 and the related separate and consolidated interim income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six month period then ended, as well as the selective explanatory notes, which together comprise the six month interim financial statements and which represent an integral part of the six month financial report provided under Law 3556/2007.

Management is responsible for the preparation and presentation of these interim financial statements in accordance with the International Financial Reporting Standards as endorsed by the European Union and applicable to Interim Financial Reporting (International Accounting Standard "IAS" 34). Our responsibility is to express a conclusion on these separate and consolidated interim financial statements based on our review.

Scope of Review

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

Conclusion

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

Deloitte.

Report on Other Legal and Regulatory Requirements

Our review has not revealed any material inconsistency or error in the Statements of the Board of Directors and in the information included in the Board of Directors' Interim Report provided under articles 5 and 5a of Law 3556/2007 when compared to the accompanying interim financial statements.

Athens, 9 August 2021

The Certified Public Accountant

Dimitris Koutsos- Koutsopoulos
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Interim Income Statement

€ Million	Note	Group 6 month period ended 30/6/2021	Group 6 month period ended 30/6/2020	Company 6 month period ended 30/6/2021	Company 6 month period ended 30/6/2020
CONTINUING OPERATIONS					
Interest and similar income	6	954	904	110	895
Interest expense and similar charges	6	(182)	(176)	(43)	(176)
NET INTEREST INCOME		**772**	**727**	**67**	**718**
Fee and commission income	7	219	193	19	159
Fee and commission expense	7	(42)	(42)	(2)	(36)
NET FEE AND COMMISSION INCOME		**177**	**151**	**17**	**123**
Dividend income		1	1	-	1
Net gain/ (losses) from financial instruments measured at fair value through profit or loss ("FVTPL")	9	90	9	(73)	11
Net gain/ (losses) from financial instruments measured at fair value through other comprehensive income ("FVTOCI")	26	79	1	-	1
Net gain/ (losses) from derecognition of financial instruments measured at amortised cost	10	320	9	-	10
Gain/ (losses) from disposal of subsidiaries, associates and joint ventures		-	(1)	-	(1)
Net other income/ (expenses)		27	24	-	8
TOTAL NET INCOME		**1,464**	**922**	**10**	**871**
Staff costs	11	(233)	(212)	(1)	(199)
Administrative expenses		(202)	(182)	(13)	(169)
Depreciation and amortisation		(56)	(58)	-	(56)
TOTAL OPERATING EXPENSES BEFORE PROVISIONS		**(491)**	**(452)**	**(14)**	**(424)**
PROFIT/ (LOSS) BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX		**973**	**470**	**(4)**	**447**
ECL impairment losses on loans and advances to customers at amortised cost	4.2	(3,240)	(580)	(1,522)	(571)
Impairment (losses)/releases on other assets		(14)	(72)	(10)	(67)
ECL impairment (losses)/ releases on debt securities measured at FVTOCI	26	(10)	(4)	-	(4)
Impairment on subsidiaries and associates	18	(23)	-	(1,597)	(1)
Impairment of property and equipment and intangible assets		(2)	(2)	-	(2)
Impairment on debt securities at amortised cost		(19)	(11)	(1)	(11)
Other provision charges/ (releases)		4	(1)	-	(1)
Share of loss of associates and joint ventures	18	(7)	(16)	-	-
PROFIT/ (LOSS) BEFORE INCOME TAX		**(2,337)**	**(215)**	**(3,133)**	**(210)**
Income tax benefit/ (expense)	12	(111)	70	-	70
PROFIT/ (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		**(2,448)**	**(145)**	**(3,133)**	**(140)**
DISCONTINUED OPERATIONS					
Profit/ (loss) after income tax from discontinued operations	8	(2)	(5)	-	-
PROFIT/ (LOSS) FOR THE PERIOD		**(2,450)**	**(150)**	**(3,133)**	**(140)**
From continuing operations					
Profit/ (loss) attributable to equity holders of the parent		(2,449)	(144)	-	-
Non controlling interest		1	(1)	-	-
From discontinued operations					
Profit/ (loss) attributable to equity holders of the parent		(2)	(5)	-	-
Non controlling interest		-	-	-	-
Earnings/ (losses) per share attributable to equity holders of the parent (in €):					
From continuing operations					
- Basic and diluted	13	(5.65)	(5.46)	-	-
From discontinued operations					
- Basic and diluted	13	(0.00)	(0.18)	-	-
Total					
- Basic and diluted	13	(5.65)	(5.64)	-	-

Interim Statement of Comprehensive Income

€ Million	Note	Group		Company	
		6 month period ended		6 month period ended	
		30/6/2021	30/6/2020	30/6/2021	30/6/2020
CONTINUING OPERATIONS					
Loss for the period (A)		**(2,448)**	**(145)**	**(3,133)**	**(140)**
Other comprehensive income/ (expense), net of tax:					
Items that may be reclassified subsequently to profit or loss					
Change in reserve from debt securities measured at FVTOCI	14	(70)	34	-	34
Change in currency translation reserve	14	3	(2)	-	-
Items that will not be reclassified subsequently to profit or loss					
Change in reserve from equity instruments measured at FVTOCI	14	(33)	(9)	-	(9)
Other comprehensive income/ (expense), net of tax (B)	14	**(100)**	**22**	**-**	**25**
Total comprehensive expense, net of tax (A)+(B)		**(2,548)**	**(123)**	**(3,133)**	**(115)**
- Attributable to equity holders of the parent		(2,549)	(122)	-	-
- Non controlling interest		1	(1)	-	-
DISCONTINUED OPERATIONS					
Loss for the period		**(2)**	**(5)**	**-**	**-**
Total comprehensive expense, net of tax		**(2)**	**(5)**	**-**	**-**
- Attributable to equity holders of the parent		(2)	(5)	-	-
- Non controlling interest		-	-	-	-

The notes on pages 48 to 111 form an integral part of the Interim Financial Statements

Interim Income Statement

€ Million	Note	Group 3 month period ended 30/6/2021	Group 3 month period ended 30/6/2020	Company 3 month period ended 30/6/2021	Company 3 month period ended 30/6/2020
CONTINUING OPERATIONS					
Interest and similar income	6	495	452	49	448
Interest expense and similar charges	6	(88)	(85)	(21)	(85)
NET INTEREST INCOME		**407**	**367**	**28**	**363**
Fee and commission income	7	123	99	10	84
Fee and commission expense	7	(22)	(19)	(1)	(17)
NET FEE AND COMMISSION INCOME		**101**	**80**	**9**	**67**
Dividend income		-	1	-	1
Net gain/ (losses) from financial instruments measured at fair value through profit or loss ("FVTPL")	9	13	41	(39)	40
Net gain/ (losses) from financial instruments measured at fair value through other comprehensive income ("FVTOCI")	26	69	-	-	-
Net gain/ (losses) from derecognition of financial instruments measured at amortised cost	10	3	12	-	12
Gain/ (losses) from disposal of subsidiaries, associates and joint ventures		-	(1)	-	(1)
Net other income/ (expenses)		13	10	-	2
TOTAL NET INCOME		**606**	**510**	**(2)**	**484**
Staff costs	11	(136)	(105)	(1)	(99)
Administrative expenses		(101)	(91)	(5)	(84)
Depreciation and amortisation		(28)	(29)	-	(28)
TOTAL OPERATING EXPENSES BEFORE PROVISIONS		**(266)**	**(225)**	**(6)**	**(211)**
PROFIT/ (LOSS) BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX		**340**	**285**	**(7)**	**273**
ECL impairment losses on loans and advances to customers at amortised cost	4.2	(2,279)	(142)	(711)	(137)
Impairment (losses)/releases on other assets		(9)	(8)	(10)	(4)
ECL impairment (losses)/ releases on debt securities measured at FVTOCI	26	(5)	-	-	-
Impairment on subsidiaries and associates	18	(23)	-	(1,597)	(1)
Impairment of property and equipment and intangible assets		(1)	(1)	-	(1)
Impairment on debt securities at amortised cost		(3)	(8)	(1)	(8)
Other provision charges/ (releases)		2	(1)	-	(1)
Share of loss of associates and joint ventures	18	(1)	-	-	-
PROFIT/ (LOSS) BEFORE INCOME TAX		**(1,980)**	**125**	**(2,327)**	**121**
Income tax expense	12	(65)	(41)	-	(40)
PROFIT/ (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		**(2,045)**	**84**	**(2,327)**	**81**
DISCONTINUED OPERATIONS					
Profit/ (loss) after income tax from discontinued operations	8	1	(2)	-	-
PROFIT/ (LOSS) FOR THE PERIOD		**(2,044)**	**82**	**(2,327)**	**81**
From continuing operations					
Profit/ (loss) attributable to equity holders of the parent		(2,046)	85	-	-
Non controlling interest		1	(1)	-	-
From discontinued operations					
Profit/ (loss) attributable to equity holders of the parent		1	(2)	-	-
Non controlling interest		-	-	-	-
Earnings/ (losses) per share attributable to equity holders of the parent (in €):					
From continuing operations					
- Basic	13	(2.49)	3.22	-	-
- Diluted	13	(2.49)	1.69	-	-
From discontinued operations				-	
- Basic	13	0.00	(0.09)	-	-
- Diluted	13	0.00	(0.05)	-	-
Total					
- Basic	13	(2.49)	3.13	-	-
- Diluted	13	(2.49)	1.64	-	-

Interim Statement of Comprehensive Income

€ Million	Note	Group		Company	
		3 month period ended		3 month period ended	
		30/6/2021	30/6/2020	30/6/2021	30/6/2020
CONTINUING OPERATIONS					
Profit/ (loss) for the period (A)		**(2,044)**	**84**	**(2,327)**	**81**
Other comprehensive income/ (expense), net of tax:					
Items that may be reclassified subsequently to profit or loss					
Change in reserve from debt securities measured at FVTOCI	14	(40)	44	-	44
Change in currency translation reserve	14	1	1	-	-
Items that will not be reclassified subsequently to profit or loss					
Change in reserve from equity instruments measured at FVTOCI	14	(50)	13	-	13
Other comprehensive income/ (expense), net of tax (B)	14	**(89)**	**58**	**-**	**57**
Total comprehensive income/ (expense), net of tax (A)+(B)		**(2,133)**	**142**	**(2,327)**	**138**
- Attributable to equity holders of the parent		(2,134)	143	-	-
- Non controlling interest		1	(1)	-	-
DISCONTINUED OPERATIONS					
Profit/ (loss) for the period		**1**	**(2)**	**-**	**-**
Total comprehensive income/ (expense), net of tax		**1**	**(2)**	**-**	**-**
- Attributable to equity holders of the parent		1	(2)	-	-
- Non controlling interest		-	-	-	-

The notes on pages 48 to 111 form an integral part of the Interim Financial Statements

Interim Statement of Financial Position

€ Million	Note	Group		Company	
		30/6/2021	31/12/2020	30/6/2021	31/12/2020
ASSETS					
Cash and balances with Central Banks		12,526	8,903	-	-
Due from banks		1,368	1,258	51	462
Financial assets at FVTPL		725	353	-	-
Financial assets mandatorily measured at FVTPL		156	146	10	10
Derivative financial instruments		581	507	-	-
Reverse repos with customers		-	8	-	-
Loans and advances to customers at amortised cost	15	33,150	39,624	1	3,826
Loans and advances to customers mandatorily measured at FVTPL		112	50	63	-
Financial assets measured at FVTOCI	17	2,671	2,898	-	-
Debt securities at amortised cost	17	8,629	4,964	716	696
Assets held for sale	16	2,587	181	-	-
Investment property		1,137	1,119	-	-
Investments in subsidiaries	18	-	-	5,445	4,881
Investments in associated undertakings and joint ventures	18	235	268	-	-
Property and equipment		963	995	-	-
Intangible assets		281	280	-	-
Current tax assets	19	172	176	10	22
Deferred tax assets	12	6,275	6,337	-	-
Other assets		3,353	3,395	57	138
Assets from discontinued operations	8	116	112	-	-
TOTAL ASSETS		**75,037**	**71,576**	**6,353**	**10,036**
LIABILITIES					
Due to banks	20	13,791	11,376	-	-
Due to customers	21	51,215	49,636	-	-
Derivative financial instruments		457	460	-	-
Debt securities in issue	22	471	471	-	2,383
Other borrowed funds	23	900	933	899	931
Current income tax liabilities		6	3	-	-
Deferred tax liabilities		31	31	1	1
Retirement and termination benefit obligations		119	143	-	-
Provisions		232	202	-	-
Other liabilities		1,246	1,136	12	12
Liabilities from discontinued operations	8	32	31	-	-
TOTAL LIABILITIES		**68,501**	**64,423**	**912**	**3,328**
EQUITY					
Share capital	25	1,250	2,620	1,250	2,620
Share premium	25	18,112	13,075	18,112	13,075
Contingent convertible bonds	25	-	2,040	-	2,040
Other equity instruments	25.2	600	-	600	-
Less: Treasury shares	25	(2)	(1)	-	-
Other reserves and retained earnings	26	(13,533)	(10,687)	(14,521)	(11,027)
Capital and reserves attributable to equity holders of the parent		**6,427**	**7,047**	**5,441**	**6,708**
Non controlling interest		109	106	-	-
TOTAL EQUITY		**6,536**	**7,153**	**5,441**	**6,708**
TOTAL LIABILITIES AND EQUITY		**75,037**	**71,576**	**6,353**	**10,036**

The notes on pages 48 to 111 form an integral part of the Interim Financial Statements

Interim Statement of Changes in Equity

Group		Attributable to equity shareholders of the parent entity											
€ Million	Note	Share Capital	Share Premium	Contingent Convertible Bonds	Other equity instruments	Treasury shares	Currency Translation Reserve	Reserve from financial assets at FVTOCI	Other reserves	Retained Earnings	Total	Non controlling interest	Total
Opening balance as at 1/1/2020		**2,620**	**13,075**	**2,040**	**-**	**(1)**	**(54)**	**236**	**118**	**(10,375)**	**7,659**	**115**	**7,773**
Other comprehensive income/ (expense), net of tax	14	-	-	-	-	-	(2)	25	-	(1)	22	-	22
Loss after tax for the period 1/1 - 30/6/2020		-	-	-	-	-	-	-	-	(149)	(149)	(1)	(150)
Total comprehensive income/ (expense) for the period 1/1 - 30/6/2020		**-**	**-**	**-**	**-**	**-**	**(2)**	**25**	**-**	**(150)**	**(127)**	**(1)**	**(128)**
Disposals and movements in participating interests		-	-	-	-	-	-	-	(2)	5	3	(1)	2
Balance as at 30/6/2020		**2,620**	**13,075**	**2,040**	**-**	**-**	**(56)**	**261**	**116**	**(10,521)**	**7,535**	**113**	**7,648**
Opening balance as at 1/7/2020		**2,620**	**13,075**	**2,040**	**-**	**-**	**(56)**	**261**	**116**	**(10,521)**	**7,535**	**113**	**7,648**
Other comprehensive income/(expense), net of tax	14	-	-	-	-	-	(3)	37	-	(6)	28	-	28
Loss after tax for the period 1/7 - 31/12/2020		-	-	-	-	-	-	-	-	(513)	(513)	(5)	(517)
Total comprehensive income/ (expense) for the period 1/7 - 31/12/2020		**-**	**-**	**-**	**-**	**-**	**(3)**	**37**	**-**	**(518)**	**(485)**	**(5)**	**(490)**
Transfer between reserves and retained earnings		-	-	-	-	-	-	(16)	1	15	-	-	-
Disposals and movements in participating interests		-	-	-	-	-	-	-	(2)	-	(2)	(2)	(4)
Balance as at 31/12/2020		**2,620**	**13,075**	**2,040**	**-**	**(1)**	**(59)**	**281**	**115**	**(11,024)**	**7,047**	**106**	**7,153**
Opening balance as at 1/1/2021		**2,620**	**13,075**	**2,040**	**-**	**(1)**	**(59)**	**281**	**115**	**(11,024)**	**7,047**	**106**	**7,153**
Other comprehensive income/(expense), net of tax	14	-	-	-	-	-	3	(103)	-	-	(100)	-	(100)
Loss after tax for the period 1/1 - 30/6/2021		-	-	-	-	-	-	-	-	(2,451)	(2,451)	1	(2,450)
Total comprehensive income/ (expense) for the period 1/1 - 30/6/2021		**-**	**-**	**-**	**-**	**-**	**3**	**(103)**	**-**	**(2,451)**	**(2,551)**	**1**	**(2,550)**
Conversion of CoCos into ordinary shares	25	2,366	-	(2,040)	-	-	-	-	-	(353)	(27)	-	(27)
Share capital increase, net of issue costs	25	1,200	101	-	-	-	-	-	-	-	1,301	-	1,301
Reduction of par value per share	25	(4,936)	4,936	-	-	-	-	-	-	-	-	-	-
AT1 capital instrument, net of issue costs	25	-	-	-	600	-	-	-	-	(8)	592	-	592
(Purchases)/ sales of treasury shares	25	-	-	-	-	(1)	-	-	-	-	(1)	-	(1)
Transfer between reserves and retained earnings		-	-	-	-	-	-	-	1	(1)	-	-	-
Transfer of the accumulated reserve from equity securities measured at FVTOCI to retained earnings upon disposal		-	-	-	-	-	-	-	-	62	62	-	62
Disposals and movements in participating interests		-	-	-	-	-	-	-	3	1	4	2	6
Balance as at 30/6/2021		**1,250**	**18,112**	**-**	**600**	**(2)**	**(56)**	**179**	**119**	**(13,775)**	**6,427**	**109**	**6,536**

Company € Million	Note	Share Capital	Share Premium	Contingent Convertible Bonds	Other equity instruments	Reserve from financial assets at FVTOCI	Other reserves	Retained earnings	Total
Opening balance as at 1/1/2020		**2,620**	**13,075**	**2,040**	**-**	**236**	**96**	**(10,514)**	**7,553**
Other comprehensive income, net of tax	14	-	-	-	-	25	-	-	25
Loss after tax for the period 1/1 - 30/6/2020		-	-	-	-	-	-	(140)	(140)
Total comprehensive income/ (expense) for the period 1/1 - 30/6/2020		**-**	**-**	**-**	**-**	**25**	**-**	**(140)**	**(115)**
Absorption of subsidiaries		-	-	-	-	-	-	65	65
Balance as at 30/6/2020		**2,620**	**13,075**	**2,040**	**-**	**261**	**96**	**(10,588)**	**7,503**
Opening balance as at 1/7/2020		**2,620**	**13,075**	**2,040**	**-**	**261**	**96**	**(10,588)**	**7,503**
Other comprehensive income/ (expense), net of tax	14	-	-	-	-	37	-	(5)	31
Loss after tax for the period 1/7 - 31/12/2020		-	-	-	-	-	-	(587)	(587)
Total comprehensive income/ (expense) for the period 1/7 - 31/12/2020		**-**	**-**	**-**	**-**	**37**	**-**	**(592)**	**(555)**
Transfer between reserves and retained earnings		-	-	-	-	(16)	-	16	-
Contribution to the new credit institution		-	-	-	-	(281)	-	41	(240)
Balance as at 31/12/2020		**2,620**	**13,075**	**2,040**	**-**	**-**	**96**	**(11,123)**	**6,708**
Opening balance as at 1/1/2021		**2,620**	**13,075**	**2,040**	**-**	**-**	**96**	**(11,123)**	**6,708**
Loss after tax for the period 1/1 - 30/6/2021		-	-	-	-	-	-	(3,133)	(3,133)
Total comprehensive expense for the period 1/1 - 30/6/2021		**-**	**-**	**-**	**-**	**-**	**-**	**(3,133)**	**(3,133)**
Conversion of CoCos into ordinary shares	25	2,366	-	(2,040)	-	-	-	(353)	(27)
Share capital increase, net of issue costs	25	1,200	101	-	-	-	-	-	1,301
Reduction of par value per share	25	(4,936)	4,936	-	-	-	-	-	-
AT1 capital instrument, net of issue costs	25	-	-	-	600	-	-	(8)	592
Balance as at 30/6/2021		**1,250**	**18,112**	**-**	**600**	**-**	**96**	**(14,618)**	**5,441**

Interim Cash Flow Statement

€ Million	Note	Group 6 month period ended 30/6/2021	Group 6 month period ended 30/6/2020 As restated	Company 6 month period ended 30/6/2021	Company 6 month period ended 30/6/2020
Cash flows from operating activities					
Loss before income tax		(2,339)	(220)	(3,134)	(210)
Adjustments to loss before income tax:					
Add: provisions and impairment		3,304	670	3,129	657
Add: depreciation and amortisation charge		57	60	-	56
Add: retirement benefits and cost of voluntary exit scheme		43	4	-	3
Net (gain)/ losses from financial instruments measured at FVTPL		(18)	12	46	12
Net (gain)/ losses from financial instruments measured at FVTOCI		(79)	(1)	-	(1)
(Gains)/ losses from investing activities		11	16	-	2
Accrued interest from investing and financing activities		15	12	42	13
Cash flows from operating activities before changes in operating assets and liabilities		994	552	84	532
Changes in operating assets and liabilities:					
Net (increase)/ decrease in cash and balances with Central Banks		(1)	-	-	-
Net (increase)/ decrease in financial instruments measured at FVTPL		(373)	230	(46)	229
Net (increase)/ decrease in financial assets mandatorily measured at FVTPL		(4)	1	-	1
Net (increase)/ decrease in debt securities at amortised cost		(3,751)	(2,082)	(20)	(2,082)
Net (increase)/ decrease in amounts due from banks		(169)	(29)	-	(25)
Net (increase)/ decrease in loans and advances to customers		774	897	(141)	797
Net (increase)/ decrease in reverse repos with customers		8	13	-	13
Net (increase)/ decrease in other assets		24	43	79	77
Net increase/ (decrease) in amounts due to banks		2,415	4,289	-	4,286
Net increase/ (decrease) in liabilities measured at FVTPL		-	14	-	14
Net increase/ (decrease) in amounts due to customers		1,579	(1,643)	-	(1,594)
Net increase/ (decrease) in other liabilities		5	43	(4)	103
Net cash inflow/ (outflow) from operating activities		**1,500**	**2,327**	**(48)**	**2,351**
Cash flows from investing activities					
Purchases of property and equipment		(39)	(24)	-	(22)
Proceeds from disposal of property and equipment and intangible assets		3	15	-	1
Purchases of intangible assets		(10)	(7)	-	(6)
Proceeds from disposal of assets held for sale other than subsidiaries		83	20	-	20
Purchases of financial assets at FVTOCI		(2,967)	(607)	-	(596)
Proceeds from disposal of financial assets at FVTOCI		3,204	407	-	404
Acquisition of subsidiaries net of cash and cash equivalents acquired and participation in share capital increases/ decreases		2	-	(2,162)	1
Acquisition, establishment and participation in share capital (increases)/ decreases of associates and joint		(1)	4	-	4
Dividends received		1	2	-	2
Net cash inflow/ (outflow) from investing activities		**275**	**(190)**	**(2,162)**	**(192)**
Cash flows from financing activities					
Expenses directly attributable to the conversion of CoCos into ordinary shares	25	(27)	-	(27)	-
Net proceeds from the issue of ordinary shares	25	1,301	-	1,301	-
Net proceeds from the issue of AT1 capital instrument	25	592	-	592	-
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds		(69)	440	(66)	440
Purchases/ sales of treasury shares and preemption rights		(1)	-	-	-
Cash payments for the principal and the interest portion of the lease liability		(17)	(18)	-	(13)
Net cash inflow from financing activities		**1,780**	**422**	**1,799**	**427**
Effect of exchange rate changes on cash and cash equivalents		4	(1)	-	(3)
Net increase/ (decrease) in cash and cash equivalents (A)		**3,559**	**2,557**	**(411)**	**2,583**
Cash and cash equivalents at the beginning of the period (B)		**9,303**	**3,742**	**462**	**3,640**
Cash and cash equivalents at the end of the period (A) + (B)		**12,862**	**6,300**	**51**	**6,223**

As of 31 December 2020, the Group modified the manner in which continuing and discontinued operations are presented. In prior periods, such cash flows were presented separately in the cash flow statement, while thereafter, continuing and discontinued operations are presented in aggregate for each cash flow statement line item. Accordingly, the comparative figures have been restated in order to be comparable with the current period.

1 General information

Piraeus Financial Holdings S.A. (hereinafter the "Company") was established in 1916 and its shares are registered and have been listed on the Main Market of the Athens Stock Exchange since 1918.

The Company operates in the form of a Société Anonyme, in accordance with the provisions of Greek Law 4548/2018, as currently in force, as well as the applicable regulatory framework on the operation of listed companies. As a financial holding company, it is directly supervised by the European Central Bank (thereinafter "ECB").

According to its codified Articles of Association, the Company's business scope includes, inter alia, activities related to directly and indirectly participating in domestic and/or foreign legal entities and other entities, undertakings and companies established or to be established, of any form and purpose, undertaking or carrying on insurance intermediation and insurance distribution activities on a retainer, pursuant to the provisions of L. 4583/2018, as in force from time to time, for and on behalf of one or several insurance undertakings (insurance agent), providing insurance advisory services to third parties and to companies of the Company's group, as well as researching, studying and analysing insurance related issues. The Company also provides financial advisory services involving planning, development, research, reorganization or resolution, assessment, business strategy, acquisitions, sales, mergers and restructuring of companies, as well as advisory services on private insurance issues.

The Company is incorporated and domiciled in Greece. The address of its registered office is 4 Amerikis str., 105 64 Athens, GEMI number 225501000. The duration of the Company lapses on 6 July 2099. As of 30 June 2021, the headcount of the Company and its subsidiaries, hereinafter the "Group", is 11,116 FTEs, of which 936 refer to discontinued operations (IMITHEA Single Member S.A.). The Company's headcount as of that date is 32 FTEs.

Apart from the ATHEX General Index, Piraeus Financial Holdings S.A. is a constituent of other indices as well, such as FTSE/ATHEX (Large Cap, Banks), FTSE (Global Markets SC, Med 100), MSCI (Emerging Markets, Greece), Stoxx (All Europe TMI, Emerging Markets, Balkan), S&P (Global, Greece BMI), and CDP A-list.

The Board of Directors of Piraeus Financial Holdings S.A., on the approval date of the consolidated interim financial statements of the Group and the separate interim financial statements of the Company as at and for the period ended 30 June 2021 (the "Interim Financial Statements"), consists of the following members:

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
Vasileios D. Koutentakis	Executive BoD Member
Venetia G. Kontogouris	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	Independent Non-Executive BoD Member
Andrew D. Panzures	Independent Non-Executive BoD Member
Anne J. Weatherston	Independent Non-Executive BoD Member
Alexander Z. Blades	Non-Executive BoD Member
Periklis N. Dontas	Non-Executive BoD Member, HFSF Representative under Law 3864/2010.

According to the Company's articles of association and the current regulatory framework, the members of the Company's Board of Directors are elected by the General Meeting of Shareholders and may be re-elected. The term of the members of the Board of Directors may not exceed three (3) years and may be extended until the first Ordinary General Meeting convened after such term has elapsed. Pursuant to Greek Law 3864/2010, a representative of the Hellenic Financial Stability Fund (hereinafter "HFSF") participates in the Board of Directors. If a member of the Board of Directors is replaced, then according to the Law, the respective replacement applies solely to the remaining term of the member being replaced. Pursuant to the Annual General Shareholders' Meeting Resolution on 26 June 2020, the term of the current Board of Directors expires on 26 June 2023.

2 Summary of significant accounting policies

2.1 Basis of preparation

The Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* and include selected explanatory notes, rather than all the information required for a full set of annual financial statements. Therefore, the Interim Financial Statements should be read in conjunction with the annual financial statements included in the 2020 Annual Financial Report, which have been prepared in accordance with International Financial

Reporting Standards ("IFRS"), as endorsed by the European Union (the "EU"). The Company's comparative figures on a standalone basis for the period ended 30 June 2020, are not comparable to the current period due to the demerger of its core banking operations, by way of hive-down into a newly-formed credit institution incorporated under the same corporate name, i.e. Piraeus Bank S.A. ("Piraeus Bank" or the "Bank"), which was completed on 30 December 2020 and accounted for prospectively, as of that date.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim period, except for those referred to under Note 2.4, which have been applied on transactions, events or other conditions that incurred in the current period for the first time.

The amounts are stated in Euro, rounded to the nearest million (unless otherwise stated) for ease of presentation. Any differences between the amounts presented in the primary financial statements and the relevant amounts presented in the accompanying notes, are due to rounding. Where necessary, the comparative figures have been restated to conform to changes in current period's presentation.

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

2.2 Going concern

Conclusion

Management assessed and concluded that the Interim Financial Statements have been appropriately prepared on a going concern basis, as the Group and the Company have adequate resources to continue their operations for a period of at least 12 months after the reporting date. Management took into account the following:

a) the prospects for a recovery of economic activity in 2021 and further acceleration afterwards, that will recover a part of the lost Gross Domestic Product ("GDP") following the recession in the Greek economy in 2020 due to the Covid-19 pandemic;

b) the continued recovery of the residential and commercial real estate prices during 2020, despite the Covid-19 pandemic and the expected acceleration in 2021 onwards;

c) the Group's robust liquidity position as evident from the Liquidity Coverage Ratio ("LCR") as of 30 June 2021, disclosed in the Liquidity section below;

d) the actions taken by the Group for the reduction of non-performing exposures (NPEs), having achieved a significant step with the completion of the Phoenix and Vega € 7 billion gross book value NPE securitizations;

e) the capital adequacy of the Group enhanced by the April 2021 share capital increase of € 1.4 billion of the Company via a non-pre-emptive fully marketed offering, which, along with the € 0.6 billion Additional Tier 1 (hereinafter "AT 1") instrument issued in June 2021 and the non-dilutive capital enhancing actions already completed or under way, will result in a cumulative capital benefit of approximately € 3 billion;

f) the measures taken by the European Commission, the European Banking Authority ("EBA"), the ECB and the Single Supervisory Mechanism ("SSM") since March 2020 to mitigate the effects of Covid-19 in European member state economies, for individuals and firms facing disruptions, through temporary capital and operational relief measures for European Banks; and

g) the measures taken by the Greek Government and the Hellenic Bank Association to mitigate the effects of Covid-19 in affected lenders.

In the context of this assessment, Management considered also the Group's and the Company's principal business risks deriving mainly from the macroeconomic environment in combination with the Group's and Company's strategy and their liquidity and capital position.

<u>Macroeconomic environment</u>

In the first half of 2021, the Greek economy, according to the available indicators of economic activity and the resilience shown in the first quarter of the year, is expected to enter a course of recovery. The 10th assessment of the Greek economy was successfully completed in June 2021, under the enhanced supervision regime, in which the country entered in the summer of 2018, after joining the economic and fiscal policy coordination cycle of the European Semester.

In the first semester of 2021, Greece continued its access to the international debt markets with four (4) successful Greek Government Bond ("GGB") issuances, following five issuances of GGBs in 2020. At the same time, in March 2021, the process of the second early repayment of part of the existing loans that Greece has received from the International Monetary Fund ("IMF"), amounting to € 3.3 billion, was completed, thus reducing the funding cost of sovereign debt.

A positive development that reflects the prospects of the economy, was the upgrade of the Greek sovereign rating to "BB" (Positive Outlook) in April 2021 by S&P, from "BB-". In November 2020, Moody's upgraded Greek sovereign rating to "Ba3" (Stable Outlook) from "B1". Fitch places the country's credit rating at "BB", with stable outlook. In the first quarter of 2021, economic activity was affected by the third wave of the Covid-19 pandemic by maintaining strict restrictive measures, but also extending fiscal support. However, the first quarter of 2021 was the third consecutive quarter in which GDP moved at relatively strong quarterly growth rates. GDP grew by 4.4% compared to the 4th quarter of 2020, while the annual recession was limited to -2.3%. Based on the Medium Term Fiscal Strategy Program ("MTFS") for the period 2022-2025, real GDP is expected to expand by 3.6% in 2021, while international organizations, entities and European institutions estimate even stronger growth rate this year. At the same time, the further implementation of fiscal measures against the pandemic in the first months of 2021 led to a state budget deficit, on a modified cash basis, of € 12.2 billion for the period January – June against a target of a deficit of € 13.0 billion that has been incorporated for the same period of 2021 in the MTFS 2022-2025 explanatory report. Overall, the support measures taking into account liquidity measures and corresponding leverage from the banking system, amount to a total value of € 41 billion, of which € 23.1 billion correspond to measures implemented during 2020, € 15.8 billion to measures under implementation during 2021 and € 2.1 billion correspond to measures extended to 2022.

In July 2021, the Economic Sentiment Indicator ("ESI") stood at 111.2 points, recording the highest performance in the last 15 months, reflecting the improvement of expectations on all sectors of economic activity and consumers' prospects. In the first quarter 2021, the unemployment rate stood at 17.1% compared to 16.2% in the same period of 2020. However, the labor market has been affected by the implementation of specific operating constrains to companies and the adoption of measures to protect public health. In the period January-June 2021, inflation stood at -0.7%, reflecting, among others, the impact of insufficient demand. The current health crisis finds the Greek real estate market in a critical period, showing significant recovery signs in the past three (3) years. In 2020, commercial property prices (as illustrated by the Bank of Greece ("BoG") office price index) increased by 1.2%, on an annual basis. Residential property prices (the apartment price index of the BoG) increased by 3.2% in the first quarter 2021, on an annual basis, following an increase of 4.3% in 2020.

Moreover, the European Commission approved on 17 June 2021 the National Recovery and Resilience Plan "Greece 2.0", which consists of four (4) pillars: (1) Green transition; (2) Digital transformation; (3) Employment, skills and social cohesion (health, education, and social protection); and (4) Private investment and transformation of the economy. The "Greece 2.0" Plan includes 106 investments and 68 reforms and the use of € 30.5 billion European resources, while it is expected to mobilize € 60 billion of total investments in the country in the next five years. The prospects for the Greek economy are positive, as in the following years it will benefit from the easing of fiscal policy in Greece and the Eurozone, favorable liquidity conditions, the reduction of Greek government borrowing costs, as well as the RRF. The recovery of 2021 depends on the improvement of the epidemic status, the successful completion of the vaccination program, the degree of tourist activity restoration and the utilization of funds under the Recovery and Resilience Fund. The primary risk factors affecting the developments in Greek economy, the domestic banking sector in general and the Group in particular, are the global and domestic macroeconomic and financial market conditions, mainly due to the effects of the Covid-19 pandemic. The velocity of the recovery, as well as the effective utilization of the Next Generation EU funds, will be decisive factors in determining the long-term impact of the Covid-19 pandemic to the Greek economy, the banking sector and the Group in particular. Therefore, a potential slow and weak economic recovery, along with persistently high unemployment and possible decline of real estate prices could potentially have a negative effect on the quality of the Group's loan portfolio, and subsequently to its profitability and capital adequacy. Further, the geopolitical developments in the wider region are an additional risk factor. Management closely monitors the developments and assesses periodically the impact that these might have on the Group's operations and financial performance.

<u>Liquidity</u>

As at 30 June 2021, Group deposits increased by 3.2% compared to 31 December 2020, to € 51.2 billion, due to the significant increase of private sector deposits.

In 2020, as a response to Covid-19 pandemic's effects on the European economy, the ECB announced easing off the conditions for longer-term refinancing operations (TLTRO III), in order to leverage its use by credit institutions. The Group raised a total of € 13.5 billion as of 30 June 2021 (€ 11.0 billion as of 31 December 2020) under TLTRO auctions and retains sufficient cash buffers. This is facilitated through ECB's decision in April 2020 to waive the eligibility criteria and accept Greek sovereign debt instruments as collateral in Eurosystem credit operations.

The Group's balance sheet deleveraging, coupled with the medium-term customer deposits restoration trend, the restored markets access and the Tier 2 issuances in 2019 and early 2020 as well as the issuance of AT 1 in mid-2021, improved the Group's funding mix and increased its high quality liquid assets ("HQLA") buffer. As at 30 June 2021, the Group's LCR stood at 210.2% (thus, well above the regulatory requirement of 100%) and the net Loans to Deposits Ratio ("LDR") at 65%.

On 18 March 2020, in order to counter the serious risks to the monetary policy transmission mechanism and the outlook for the euro area posed by the Covid-19 pandemic, the ECB announced a pandemic emergency purchase programme ("PEPP") of private and public sector securities, which has an overall envelope of € 1.85 trillion until March 2022, following the decisions taken on 4 June 2020 and 10 December 2020 to expand its size and timeframe. All asset categories eligible under the existing asset purchase programme ("APP") are also eligible under the new programme. Under the PEPP, a waiver of the eligibility requirements was granted for securities issued by the Hellenic Republic. Following this decision, the yield of the Greek 10-year sovereign bond fell to historically low levels. This development combined with: a) the lifting of the 2015 imposed cap on the holdings of Greek Government securities for Greek Banks, effective from 6 March 2020; and b) the waiver to accept Greek sovereign debt instruments as collateral in Eurosystem credit operations on 7 April 2020, has created more favorable conditions for Greek Banks to utilize ECB funding and enhance their liquidity position at competitive cost.

Capital adequacy

The Group's Basel III Common Equity Tier 1 ("CET1") ratio as at 30 June 2021 stood at 10.87% while the total regulatory capital ratio stood at 14.85% as at the same date. The Overall Capital Requirement ("OCR") ratio stands at 14.25% in 2021, as set by the SSM through the Supervisory Review and Evaluation Process ("SREP"). However, the measures that the ECB Banking Supervision announced on 12 March 2020, allow Banks to operate temporarily below the level of capital defined by the Pillar 2 Guidance ("P2G") and the capital conservation buffer ("CCB"), which corresponds to 6.33% CET1 capital requirement for the Group. In addition, Banks are also allowed to partially use capital instruments that do not qualify as CET1 capital, for example AT 1 or Tier 2 debt instruments, to meet the Pillar 2 Requirements ("P2R").

In March 2020, the EBA recommended European Banks to make full use of the flexibility embedded in the regulatory framework in terms of loans classification as non-performing and loss provision expectations for NPEs that are covered by state guaranteed schemes and payment moratoria. By utilising this flexibility, European Banks' capital adequacy ratios are expected to be burdened in subsequent quarters by a smaller degree compared to a scenario under which this flexibility would not be utilised, thus enabling the maintenance of capital buffers.

Please refer to Note 29 for further details on the Group's capital adequacy.

2.3 Adoption of International Financial Reporting Standards

The following amendment to existing standards has been issued by the International Accounting Standards Board ("IASB"), has been endorsed by the EU as of the date the Interim Financial Statements were issued and are effective from 1 January 2021.

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendment) "*Interest Rate Benchmark Reform – Phase 2*". This is the second part of the two-phase project on Interest Rate Benchmark Reform. The amendment aims at reflecting the effects of transitioning from benchmark interest rates, such as interbank offer rates (IBORs) to alternative benchmark interest rates without giving rise to accounting impacts that would not provide useful information to users of financial statements.

The adoption of the amendment did not have a material impact on the Interim Financial Statements.

IFRIC Agenda Decision: IAS 19 "Employee benefits" - Attributing benefit to periods of service

In May 2021, the International Financial Reporting Interpretations Committee (IFRIC) issued an agenda decision with regard to the application of IAS 19, on attributing benefits to periods of service. Specifically, the decision requires an entity to attribute benefit only to periods in which the obligation to provide post-employment benefits arises. Based on the said interpretation, a provision should be recognized only for employees with less than 16 years remaining until retirement. The Group is currently assessing the impact of the said IFRIC agenda decision on its financial statements, which is expected to be adopted no later than 31 December 2021 and may result to a retrospective change in the Group's accounting policy. Until a detailed actuarial study is carried out, it is impracticable to provide a reasonable estimate about the effect of the said agenda decision.

2.4 Update to the Group's significant accounting policies disclosed in the 2020 Annual Financial Report

The accounting policies set out below were developed by the Group in the current period and refer to transactions, events or conditions that did not occur previously or were immaterial. As such, they do not constitute changes in existing accounting policies and were applied prospectively.

Costs related to acquisition and holding of financial guarantees

Any costs or fees paid by the Group which are incremental and directly attributable transaction costs to obtain a freestanding financial guarantee or a debt asset with embedded financial guarantee features that is not measured at FVTPL, are capitalized and amortised over the life of the instrument with the effective interest method.

Accounting of intragroup distributions in kind by the distributing entity

The Group has expanded its accounting policy on distribution of non-cash financial assets to entities within the Group, which are scoped out of IFRIC 17, to specify that the distribution is recognised directly in equity at the book value of the assets being distributed. Specifically, in cases where the distribution refers to a previously unrecognised asset (e.g. because the derecognition requirements of IFRS 9 were not met prior to the distribution), the amount to be accounted for directly in equity is determined based on the carrying amount of the on balance sheet assets derecognised and the value of the rights and obligations created as a result of the distribution, in accordance with the recognition and measurement requirements of the applicable standards.

3 Critical accounting judgements and key sources of estimation uncertainty

In preparing the Interim Financial Statements, the critical accounting judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty, were similar to those applied to the annual financial statements as at and for the year ended 31 December 2020, except for those presented below.

3.1 Key sources of estimation uncertainty

Macroeconomic factors

The Group prepares forecasts for the possible evolution of macroeconomic variables that affect the level of ECL on loans and advances to customers at amortised cost under multiple economic scenarios. The table below presents the annual average forecasts throughout a four-year time horizon, for each key economic variable and scenario utilized in the ECL calculation of the collectively assessed loans and advances to customers at amortised cost.

ECL Key drivers Scenario – 4-year average	30/6/2021 (2021-2024) %	31/12/2020 (2020-2023) %
GDP growth		
Optimistic	7.0	3.5
Base	5.2	2.0
Pessimistic	3.3	0.5
Unemployment rates		
Optimistic	11.8	13.1
Base	13.7	14.2
Pessimistic	15.9	16.0
Price index (Residential)		
Optimistic	7.3	6.9
Base	5.7	5.9
Pessimistic	4.1	4.6
Price index (Non residential)		
Optimistic	7.3	5.7
Base	5.6	4.6
Pessimistic	3.8	3.4

The expected 4-year average real GDP growth rate as of 30 June 2021, is higher than the respective projection as of 31 December 2020. Following the recession of the Greek economy in 2020 attributable to the Covid-19 pandemic, economic activity is expected to recover in 2021-2024. The unemployment rate is expected to be lower in the coming years, despite the impact of the Covid-19 pandemic, reflecting the fact that the labor market is progressively improving in recent years and employment is following a steady growth path. Both residential and non-residential (offices) price indices are continuing to follow a highly positive path for the next four years, as real estate prices were slightly affected by the shock of Covid-19 pandemic.

As at 30 June 2021, the Group's forecasts of the aforementioned economic variables, across each scenario for 2022 and 2023, are the following:

	2022			2023		
ECL Key drivers Scenario	Optimistic	Base	Pessimistic	Optimistic	Base	Pessimistic
GDP growth	8.1	6.1	4.1	6.1	4.1	2.1
Unemployment rates	13.5	15.2	16.9	9.8	12.5	15.2
Price index (Residential)	7.8	6.1	4.5	8.1	6.0	3.9
Price index (Non residential)	7.9	6.4	5.0	7.6	5.7	3.7

Determination of scenario weights and held-for sale classification

Phoenix and Vega portfolios: The estimation uncertainty recognised as of 31 December 2020 with regard to the said portfolios, was resolved during the second quarter of 2021. Both portfolios were derecognised in June 2021, following fulfilment of all conditions precedent to the completion of the sale transactions, including receipt of the required regulatory approvals. The loss charged in the income statement of the Group, before tax, from the Phoenix and Vega transactions amounted to € 1,569 million. The total impact of the sale transactions for the Group, taking into account the distribution of the shares issued by the

Cypriot subsidiary "Phoenix Vega Mezz Ltd" which holds 65% of the mezzanine and 45% of the junior tranches of the aforementioned securitizations, to the Company's shareholders, approximates € 1,632 million. The distribution was approved by the annual general meeting of the Company's shareholders ("AGM") on 22 June 2021 and is expected to be completed in August 2021 (refer to Note 25 for further details).

Sunrise I portfolio at Group level: On 16 March 2021, in the context of the Sunrise Plan, Piraeus Bank S.A. securitized non-performing denounced loans of gross book value amounting to approximately € 7 billion (the "Sunrise I Portfolio"). During the second quarter of 2021, Management submitted to the ECB all relevant documentation and applications requesting regulatory approvals, however, no notification on the outcome of ECB's significant risk transfer evaluation had been provided as of the reporting date. In determining whether the Sunrise I Portfolio meets the held for sale classification criteria, Management assessed the following factors: a) the Company's successful share capital increase of € 1.4 billion that was completed on 29 April 2021; b) the AT 1 issuance of € 0.6 billion which was completed on 16 June 2021; and c) the approval of ECB on Piraeus Bank's own funds reduction arising from the intragroup distribution of 95% of the subordinated notes issued by Sunrise I NPL Finance DAC to the Company, subject to certain conditions. Considering these capital actions, coupled with the recent experience with securitized portfolios, Management concluded that it is more probable than not to receive the outstanding regulatory approvals specifically related to Sunrise I Portfolio and on this basis, the Sunrise I Portfolio was classified as held for sale at Group level as of 30 June 2021 and its carrying amount was written down to fair value less cost to sell. The ECL impairment charge recognised in the income statement of the Group for the period ended 30 June 2021, as a result of the aforementioned write-down, amounted to € 1,418 million.

Sunrise II and Sunrise III portfolios: The first subperimeter of NPEs approximates € 2.6 billion (the "Sunrise II Portfolio") and the remainder of € 1.0 billion (to reach total approximately € 3.6 billion) is expected to form a separate securitization (the "Sunrise III Portfolio"). No sale scenario was assumed in the ECL measurement on any of the aforementioned exposures as of 30 June 2021, given the early stage of the securitization process. Specifically, the following facts and circumstances, relevant to the aforementioned securitizations as of the ECL impairment assessment date, were evaluated by Management: a) no securitization SPV was setup; b) no application or documentation requesting regulatory approval by the ECB had been submitted by the Group; c) no commitments or definitive agreements had been signed with potential investors; and d) no factual or other reasonable and supportable information related to the expected future outcome of the regulatory approval process was available, mainly due to the adverse impact of the Phoenix, Vega and Sunrise I securitizations referred to above, which as of 30 June 2021 amounted to approximately € 3.0 billion. On 5 August 2021, the Group will submit to the Greek Ministry of Finance an application for inclusion of the senior notes that will be issued in the context of the Sunrise II Portfolio securitization of a nominal amount € 1.2 billion, in the Hellenic Asset Protection Scheme ("HAPS") pursuant to Law 4649/2019. Had the Group assigned a 100% probability on the sale scenario for Sunrise II and III Portfolios, based on the initially assessed preliminary impact (Sunrise Plan announced on 16th March 2021) which has not yet been revised due to the early stage of the securitizations, the estimated additional loss before tax would have been approximately € 0.8 billion. The outcome of this key source of estimation uncertainty is expected to be resolved prior to 31 December 2021.

Sunshine and Dory portfolios: The Sunrise Plan further includes potential outright sale of selected leasing and shipping NPEs, namely portfolios "Sunshine" and "Dory", respectively, with an estimated gross book value of approximately € 1.1 billion. Due to the early stage of the sale process and the uncertainties related to obtaining the required regulatory approvals, no sale scenario has been incorporated in the ECL measurement of the portfolios as of 30 June 2021. Had the Group assigned a 100% probability on the sale scenario, the expected additional loss before tax would not exceed € 0.2 billion. Similar to Sunrise II and III Portfolios, the outcome of this key source of estimation uncertainty is expected to be resolved prior to 31 December 2021.

Impairment measurement of the Company's investment in Piraeus Bank

As of 30 June 2021, the Company's investment in Piraeus Bank was assessed as impaired. The recoverable amount of the investment was determined based on value-in-use calculations, which require the use of estimates, and amounted to € 5,410 million. Refer to Note 18 for information on the key assumptions used. While Management believes that the assumptions applied are appropriate, a combination of reasonably possible changes in such assumptions could result to additional impairment losses. A 0.5% increase in the discount rate or a 0.5% decrease in long-term growth rate would increase the impairment charge by € 329 million and € 213 million, respectively.

4 Financial Risk Management

4.1 Fair values of financial instruments

4.1.1 Financial instruments not measured at fair value

The following tables summarise the fair values and carrying amounts of those financial instruments which are not measured at fair value on a recurring basis and their fair value could be materially different from their carrying amount.

Group	Carrying Amount		Fair Value	
	30/6/2021	31/12/2020	30/6/2021	31/12/2020
Financial assets				
Loans and advances to customers at amortised cost	33,150	39,624	33,392	38,430
Debt securities at amortised cost	8,629	4,964	8,542	5,344
Financial liabilities				
Debt securities in issue	471	471	480	480
Other borrowed funds	900	933	912	767

Company	Carrying Amount		Fair Value	
	30/6/2021	31/12/2020	30/6/2021	31/12/2020
Financial assets				
Loans and advances to customers at amortised cost	1	3,826	1	2,479
Debt securities at amortised cost	716	696	923	721
Financial liabilities				
Debt securities in issue	-	2,383	-	2,383
Other borrowed funds	899	931	912	767

The following methods and assumptions were used to estimate the fair values of the aforementioned financial instruments as at 30 June 2021 and 31 December 2020.

Loans and advances to customers at amortised cost: Fair value is estimated using discounted cash flow models, taking into account yield curves observable in the market as of the date of the valuation and adjustments for credit risk. The Phoenix and

Vega loan portfolios were derecognised from the Company's and the Group's statement of financial position as at 30 June 2021. Please refer to Note 15.

Debt securities at amortised cost, debt securities in issue and other borrowed funds: Fair value is estimated using market prices, or, if such are not available, using discounted cash flow models based on current market interest rates offered for instruments with similar credit quality and duration. The Company's financial liabilities of the Phoenix and Vega securitization SPVs, i.e. 100% of the senior notes and 5% of the subordinated notes, included in line item "debt securities in issue", were derecognised in June 2021.

4.1.2 Financial assets and liabilities measured at fair value

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

IFRS 13 establishes a fair value hierarchy that categorises financial instruments into three levels based on the type of inputs to the valuation techniques used, as follows:

Level 1 inputs comprise unadjusted quoted prices in active markets for identical assets and liabilities that the entity can access at the measurement date. Level 1 assets and liabilities include debt and equity securities, as well as derivative contracts that are traded in an active and organized market structure (i.e. exchange listed futures and options). An active market is a market in which transactions for assets or liabilities take place with sufficient frequency and volume to provide information on an ongoing basis and are characterized by low bid/ask spreads.

Level 2 inputs comprise observable inputs other than Level 1 quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for the full term of the instrument. An input is observable if it is developed using market data, such as publicly available information about events or transactions, and reflects the assumptions that market participants would use when pricing the asset or liability. Level 2 assets and liabilities include over the counter ("OTC") derivatives and securities whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques with inputs that are observable in the market.

Level 3 inputs refer to unobservable inputs, including the entity's own data which are adjusted, if necessary, to reflect the assumptions market participants would use in the circumstances. An input is unobservable if, in the absence of market data availability, it is developed using the best information available about the assumptions that market participants would use when pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques with inputs that require significant management judgement or estimation. OTC complex derivatives transactions or structured securities, which are valued using a non-market standard model, comprising substantial model uncertainty, are classified as level 3 instruments.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. The level of the fair value hierarchy within which the fair value measurement is categorized, is determined on the basis of the lowest input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input as well as model uncertainty are assessed against the entire fair value measurement of the instrument.

The following tables present the fair value of the financial assets and liabilities which are measured at fair value on a recurring basis and continue to be recognised in their entirety on the Group´s and the Company's Statement of Financial Position at the end of the reporting period, by fair value hierarchy level:

Financial instruments measured at fair value and basis of valuation								
	30/6/2021				31/12/2020			
Group	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Derivative financial instruments	-	581	-	581	-	507	-	**507**
Financial assets at FVTPL	710	15	-	725	331	22	-	**353**
Financial assets mandatorily measured at FVTPL	83	-	73	156	76	-	71	**146**
Loans and advances to customers mandatorily measured at FVTPL	-	-	112	112	-	-	50	**50**
Financial assets at FVTOCI	2,302	346	23	2,671	2,590	274	35	**2,898**
Financial liabilities								
Derivative financial instruments	-	457	-	457	-	460	-	**460**

Financial instruments measured at fair value and basis of valuation								
	30/6/2021				31/12/2020			
Company	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Financial assets mandatorily measured at FVTPL	-	-	10	10	-	-	10	**10**
Loans and advances to customers mandatorily measured at FVTPL	-	-	63	63	-	-	-	**-**

Transfers between Level 1 and Level 2

Within the six-month period ended 30 June 2021, € 24 million of Greek sovereign and corporate bonds were transferred from Level 1 to Level 2 due to change in their trading activity. Accordingly, € 68 million of Greek sovereign and corporate bonds were transferred from Level 2 to Level 1. There were no transfers of financial liabilities between Level 1 and Level 2 during the six-month period ended 30 June 2021 and the year ended 31 December 2020. Transfers between levels of fair value hierarchy are deemed to have occurred at the end of the reporting period, in which the financial instruments were transferred.

Level 3 financial instruments

Level 3 financial instruments include:

a) Credit impaired loans and advances to customers, which are mandatorily measured at FVTPL because their contractual cash flows are not solely payments of principal and interest ("SPPI"), are valued using an income approach expected cash flow (expected present value) technique incorporating unobservable inputs.

b) Bonds mandatorily measured at FVTPL, including contingent consideration in the form of a performance note payable to the Bank based on the EBITDA of: (i) Intrum Hellas Credit Servicing S.A.; (ii) Intrum Hellas REO Solutions; and (iii) any of their affiliates for a specified period of time after closing, of par value € 32 million, issued by Intrum Holding Spain S.A.U., for which the models used to estimate their fair value utilize significant unobservable inputs (e.g. discount rate, volatility, expected cash flows etc.).

c) Equity securities at FVTOCI and FVTPL, which are not traded in active markets and their fair value is estimated on the basis of the available information using an income or market approach, for which the main inputs used are earnings forecasts, comparable multiples, net asset value, adjusted equity and other parameters, which are not market observable, as well as estimations that may adjust these values.

d) Mutual funds and closed end funds, which do not meet the definition of an equity instrument under IAS 32 and are mandatorily measured at FVTPL, for which the models used to estimate the fair value are price-based and the price is obtained from the fund manager.

e) Contingent convertible instruments for which the trigger of conversion to equity is based on non-market observable triggers. (e.g. balance sheet or regulatory capital).

f) Subordinated notes of the Phoenix and Vega securitizations retained by the Group as of 30 June 2021 classified within "loans and advances mandatorily measured at FVTPL", which have been valued using multiple valuation techniques incorporating significant unobservable inputs.

During the period ended 30 June 2021 and the year ended 31 December 2020, there were no transfers into or out of Level 3. The following table presents a reconciliation of Level 3 fair value measurements for the aforementioned periods:

Group	Reconciliation of Level 3 instruments		
	Financial assets mandatorily measured at FVTPL	Loans and advances to customers mandatorily measured at FVTPL	Financial assets at FVTOCI
Opening balance as at 1/1/2020	**53**	**51**	**92**
Gain/ (loss) recognised in the income statement	(3)	(2)	-
Gain/(loss) recognised in OCI	-	-	(39)
Purchases	22	2	1
Disposals/ Settlements	(2)	-	(18)
Closing Balance as at 31/12/2020	**71**	**50**	**35**
Gain/ (loss) recognised in the income statement	2	-	(1)
Recognition of Phoenix and Vega subordinated notes	-	62	-
Disposals/ Settlements	-	-	(12)
Closing Balance as at 30/6/2021	**73**	**112**	**23**

Company	Reconciliation of Level 3 Instruments: Financial assets mandatorily measured at FVTPL	Loans and advances to customers mandatorily measured at FVTPL	Financial assets at FVTOCI
Opening Balance as at 1/1/2020	**53**	**51**	**92**
Gain/ (loss) recognised in the income statement	(3)	(2)	-
Gain/(loss) recognised in OCI	-	-	(39)
Purchases	21	2	1
Disposals/ Settlements	(2)	-	(18)
Contribution to the new credit institution	(59)	(50)	(35)
Closing Balance as at 31/12/2020	**10**	**-**	**-**
Recognition of Phoenix and Vega subordinated notes	-	63	-
Closing Balance as at 30/6/2021	**10**	**63**	**-**

Valuation Process and Control Framework

The Group has established appropriate processes and internal controls to ensure that the fair values of its financial assets and liabilities are reasonably estimated. The fair value measurements are validated by functions of the Group that are independent of the risk-taking unit.

The fair values of bonds are determined either by reference to prices for traded instruments in active markets, to external quotations or widely accepted financial models, which are based on market observable or unobservable information where the former is not available, as well as relevant market based parameters such as interest rates, option volatilities, currency rates, etc. The Group may, sometimes, also utilize third-party pricing information, and perform validating procedures on this information to the extent possible or base its fair value on the latest transaction prices available, given the absence of an active market or similar transactions or other market observable inputs. All such instruments are categorised within the lowest level of the fair value hierarchy (i.e. Level 3). The fair value measurement of debt securities, including significant inputs on the valuation models, is performed by Middle Office and independently validated by Group Risk Management on a systematic basis.

The Group mainly engages in vanilla derivative products, hence, the valuation models utilised are fairly standard across the industry. Inputs to valuation models are determined based on market observable information wherever possible. Counterparty credit risk-adjustments are applied on all OTC derivatives. The Group calculates a separate Credit Value Adjustment (“CVA”) for each counterparty to which the Group has exposure. The CVA is estimated considering expected exposures generated using simulation techniques (i.e. Monte Carlo simulation), as well as International Swaps and Derivatives Association (“ISDA”) master netting agreements and collateral postings under Credit Support Annex (“CSA”) contracts. With respect to own credit risk, the Group estimates a Debt Value Adjustment (“DVA”) by applying a methodology symmetric to the one applied for CVA. The bilateral CVA (“BCVA”) is based on implied probabilities of default, derived from credit default swaps (“CDS”) spreads observed in the market, or, if these are not available, from appropriate proxies.

On a systematic basis adequate control procedures are in place for the validation of these models, including the valuation inputs. The Group's Middle Office and Group Risk Management provide the control valuation framework necessary to ensure that the fair values are reasonably determined, reflecting current market circumstances and economic conditions. Furthermore, under European Markets and Infrastructure Regulation ("EMIR") regulation, the valuation of interbank OTC derivatives is reconciled on a daily basis with counterparties' valuations, under the daily collateral management process.

Quantitative information for the Level 3 fair value measurement as at 30 June 2021 and 31 December 2020

Financial instruments[4]	Fair Value 2021	Fair Value 2020	Valuation Technique	Significant Unobservable Input	Range of Inputs 2021 Low	Range of Inputs 2021 High	Range of Inputs 2020 Low	Range of Inputs 2020 High
Financial assets mandatorily measured at FVTPL - Contingent consideration asset	13	13	Monte Carlo simulation	Revenue volatility Discount rate Expected EBITDA	15% 14% n/a[2]	15% 14% n/a[2]	15% 14% n/a[2]	15% 14% n/a[2]
Financial assets mandatorily measured at FVTPL and FVTOCI – equity securities, mutual funds	82	92	Income, market approach	n/a[1]	n/a[1]	n/a[1]	n/a[1]	n/a[1]
Loans and advances to customers mandatorily measured at FVTPL – Phoenix and Vega subordinated notes	63	-	Income and market approach	Discount rate Comparable transactions	17.3% 22%[5]	17.3% 24%[5]	- -	- -
Loans and advances to customers mandatorily measured at FVTPL – other	50	50	Discounted Cash Flows	Credit risk adjusted expected cash flows	0%[3]	100%[3]	0%[3]	100%[3]

[1] Mainly refers to equity participations of the Group in the share capital of private companies, thus the respective shares are not traded in active markets. In the absence of an active market, the fair value of these securities is estimated using an income or market valuation approach. Given the bespoke nature of the valuation method in respect of each equity shareholding, it is not practicable to quote a range of unobservable inputs. The changes in the value do not materially affect the Group´s results and assets.

[2] The performance targets and forecasted EBITDA of the underlying associates of the Group throughout the earnout calculation period, are commercially sensitive and are not included in the table, given that disclosing them would be detrimental to the Group's interests.

[3] Represented as percentage of the loan's gross carrying amount.

[4] Includes financial instruments with an individual fair value higher than € 10 million at the end of the reporting period.

[5] Represented as percentage of the mezzanine notes' nominal value.

Reasonably possible assumptions, other than the aforementioned used for determining unobservable inputs of Level 3 instruments, would not have a significant effect on the Group's financial assets and liabilities measured at fair value on a recurring basis.

4.2 Credit Risk Management

4.2.1 Loans and advances to customers at amortised cost

For credit risk management purposes, the Group monitors its credit risk exposure on all acquired loans and advances to customers at amortised cost on a gross basis, i.e. the exposure at default is grossed up with the unamortised purchase price allocation adjustment as of the reporting date (the "PPA adjustment").

For the purposes of this disclosure, gross carrying amount is defined as the amortised cost, before adjusting for any loss allowance, grossed up with the PPA adjustment. Similarly, the ECL allowance for impairment losses presented in the following tables includes the PPA adjustment. As such, the gross carrying amount and ECL allowance for impairment losses presented below does not reconcile to Note 15.

Loans and advances to customers at amortised cost for the Group and the Company as at 30 June 2021 and 31 December 2020 are summarised as follows:

Group 30/6/2021	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	4,991	1,592	675	439	7,697
Less: ECL Allowance for impairment losses	(2)	(23)	(69)	(33)	(127)
Total Mortgages	**4,990**	**1,569**	**606**	**406**	**7,570**
Consumer, Personal and Other loans					
Gross carrying amount	897	307	518	190	1,913
Less: ECL Allowance for impairment losses	(17)	(33)	(332)	(65)	(448)
Total Consumer, Personal and Other loans	**880**	**274**	**186**	**125**	**1,465**
Credit Cards					
Gross carrying amount	364	109	58	16	546
Less: ECL Allowance for impairment losses	(2)	(7)	(45)	(13)	(67)
Total Credit Cards	**362**	**102**	**13**	**3**	**479**
Retail Lending					
Gross carrying amount	6,252	2,008	1,251	644	10,156
Less: ECL Allowance for impairment losses	(20)	(63)	(447)	(111)	(641)
Total Retail Lending	**6,232**	**1,945**	**805**	**533**	**9,515**
Loans to Large Corporate					
Gross carrying amount	11,081	913	2,443	189	14,626
Less: ECL Allowance for impairment losses	(41)	(43)	(794)	(53)	(932)
Total Loans to Large Corporate	**11,039**	**869**	**1,649**	**136**	**13,694**
Loans to SMEs					
Gross carrying amount	5,166	1,465	4,093	885	11,609
Less: ECL Allowance for impairment losses	(33)	(90)	(1,445)	(346)	(1,914)
Total Loans to SMEs	**5,133**	**1,375**	**2,648**	**539**	**9,695**
Loans to Public Sector					
Gross carrying amount	240	-	5	2	248
Less: ECL Allowance for impairment losses	(1)	-	-	-	(1)
Total Loans to Public Sector	**239**	**-**	**5**	**2**	**247**
Corporate and Public Sector Lending					
Gross carrying amount	16,487	2,378	6,542	1,076	26,483
Less: ECL Allowance for impairment losses	(75)	(133)	(2,240)	(399)	(2,847)
Total Corporate and Public Sector Lending	**16,412**	**2,244**	**4,302**	**677**	**23,636**
Loans and advances to customers at amortised cost					
Gross carrying amount	22,739	4,386	7,793	1,720	36,639
Less: ECL Allowance for impairment losses	(96)	(197)	(2,686)	(510)	(3,489)
Total Loans and advances to customers at amortised cost	**22,644**	**4,189**	**5,107**	**1,210**	**33,150**

Group 31/12/2020	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	5,264	2,110	3,581	2,490	**13,445**
Less: ECL Allowance for impairment losses	(2)	(31)	(970)	(729)	**(1,732)**
Total Mortgages	**5,262**	**2,079**	**2,611**	**1,761**	**11,713**
Consumer, Personal and Other loans					
Gross carrying amount	891	435	1,106	874	**3,307**
Less: ECL Allowance for impairment losses	(21)	(44)	(707)	(550)	**(1,322)**
Total Consumer, Personal and Other loans	**870**	**392**	**400**	**323**	**1,985**
Credit Cards					
Gross carrying amount	351	110	180	91	**731**
Less: ECL Allowance for impairment losses	(2)	(8)	(155)	(81)	**(246)**
Total Credit Cards	**349**	**102**	**25**	**10**	**485**
Retail Lending					
Gross carrying amount	6,505	2,656	4,868	3,454	**17,483**
Less: ECL Allowance for impairment losses	(25)	(83)	(1,832)	(1,361)	**(3,300)**
Total Retail Lending	**6,481**	**2,573**	**3,036**	**2,093**	**14,183**
Loans to Large Corporate					
Gross carrying amount	7,841	1,151	3,390	368	**12,749**
Less: ECL Allowance for impairment losses	(53)	(64)	(1,216)	(169)	**(1,502)**
Total Loans to Large Corporate	**7,788**	**1,087**	**2,174**	**199**	**11,247**
Loans to SMEs					
Gross carrying amount	5,010	1,603	8,067	2,892	**17,572**
Less: ECL Allowance for impairment losses	(28)	(110)	(3,431)	(1,528)	**(5,097)**
Total Loans to SMEs	**4,981**	**1,493**	**4,636**	**1,365**	**12,475**
Loans to Public Sector					
Gross carrying amount	1,710	-	11	3	**1,724**
Less: ECL Allowance for impairment losses	(1)	-	(4)	-	**(6)**
Total Loans to Public Sector	**1,709**	**-**	**7**	**2**	**1,718**
Corporate and Public Sector Lending					
Gross carrying amount	14,561	2,754	11,468	3,262	**32,045**
Less: ECL Allowance for impairment losses	(83)	(174)	(4,651)	(1,697)	**(6,605)**
Total Corporate and Public Sector Lending	**14,478**	**2,579**	**6,818**	**1,565**	**25,441**
Loans and advances to customers at amortised cost					
Gross carrying amount	21,066	5,409	16,336	6,716	**49,528**
Less: ECL Allowance for impairment losses	(107)	(257)	(6,482)	(3,058)	**(9,904)**
Total Loans and advances to customers at amortised cost	**20,959**	**5,152**	**9,854**	**3,659**	**39,624**

As at 30 June 2021 the gross carrying amount of the Group's loans and advances to customers at amortised cost amounted to € 36,639 million, compared to € 49,528 million as at 31 December 2020, representing a decrease of € 12,889 million, mainly affected from the following: i) the classification of the Sunrise I Portfolio as held for sale, with a gross carrying amount of € 7,018 million as of the reporting date and ii) the derecognition of the securitized loans included in the perimeter of Phoenix and Vega NPE securitizations, with a gross carrying amount of € 6,667 million as of the derecognition date.

As at 30 June 2021 the gross carrying amount of the Company's loans and advances to customers at amortised cost amounted to € 1 million and the respective ECL allowance for impairment losses as at 30 June 2021 is immaterial. The significant decrease since 31 December 2020 is related to the aforementioned derecognition of Phoenix and Vega securitized portfolios.

Company **31/12/2020**	**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	17	324	1,651	876	**2,868**
Less: ECL Allowance for impairment losses	-	(4)	(473)	(313)	**(790)**
Total Mortgages	**17**	**320**	**1,177**	**564**	**2,078**
Consumer, Personal and Other loans					
Gross carrying amount	4	25	207	136	**372**
Less: ECL Allowance for impairment losses	-	(3)	(107)	(94)	**(204)**
Total Consumer, Personal and Other loans	**3**	**22**	**100**	**42**	**168**
Credit Cards					
Gross carrying amount	-	-	31	16	**47**
Less: ECL Allowance for impairment losses	-	-	(26)	(14)	**(41)**
Total Credit Cards	**-**	**-**	**4**	**2**	**6**
Retail Lending					
Gross carrying amount	21	349	1,889	1,028	**3,286**
Less: ECL Allowance for impairment losses	-	(7)	(607)	(420)	**(1,035)**
Total Retail Lending	**21**	**342**	**1,282**	**607**	**2,252**
Loans to Large Corporate					
Gross carrying amount	1	1	214	74	**291**
Less: ECL Allowance for impairment losses	-	-	(146)	(52)	**(197)**
Total Loans to Large Corporate	**1**	**1**	**68**	**23**	**93**
Loans to SMEs					
Gross carrying amount	4	15	2,160	917	**3,097**
Less: ECL Allowance for impairment losses	-	(1)	(1,094)	(523)	**(1,618)**
Total Loans to SMEs	**4**	**14**	**1,066**	**394**	**1,479**
Loans to Public Sector					
Gross carrying amount	-	-	6	-	**6**
Less: ECL Allowance for impairment losses	-	-	(4)	-	**(4)**
Total Loans to Public Sector	**-**	**-**	**2**	**-**	**2**
Corporate and Public Sector Lending					
Gross carrying amount	5	16	2,381	991	**3,393**
Less: ECL Allowance for impairment losses	-	(1)	(1,244)	(574)	**(1,819)**
Total Corporate and Public Sector Lending	**5**	**15**	**1,137**	**417**	**1,574**
Loans and advances to customers at amortised cost					
Gross carrying amount	26	365	4,270	2,019	**6,680**
Less: ECL Allowance for impairment losses	-	(8)	(1,851)	(995)	**(2,853)**
Total Loans and advances to customers at amortised cost	**26**	**357**	**2,419**	**1,024**	**3,826**

The movement of the ECL allowance for impairment losses on loans and advances to customers at amortised cost for the Group and the Company, is as follows:

Movement in ECL allowance	Group				
	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 1/1/2021	**107**	**257**	**6,482**	**3,058**	**9,904**
Transfer (to)/ from Held for Sale	(1)	(6)	(1,904)	(1,424)	**(3,334)**
Transfers between stages (net)	20	(34)	14	-	**-**
ECL impairment charge/ (release) for the period (P&L)	11	163	2,147	920	**3,240**
Change in the present value of the allowance	-	-	133	75	**208**
Write-off of interest recognised from change in the present value of the allowance	-	-	(197)	(85)	**(283)**
Write-offs	(4)	(1)	(145)	(123)	**(273)**
Disposals of loans and advances	(9)	(140)	(2,834)	(1,382)	**(4,365)**
FX differences and other movements	(28)	(43)	(1,010)	(527)	**(1,608)**
ECL allowance as at 30/6/2021	**96**	**197**	**2,686**	**510**	**3,489**

The transfer to assets held for sale of € 3,334 million mainly refers to the Sunrise I portfolio. For the purposes of this disclosure, transfers are deemed to have occurred at the end of the previous reporting period, therefore the said amount reflects the carrying amount of the portfolios as of 31 March 2021. Line items "ECL impairment charge/(release) for the period (P&L)" and "FX differences and other movements" have been grossed up with the incremental ECL allowance of € 1,418 million recognised when the said portfolio was classified as held for sale.

Movement in ECL allowance	Group				
	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 1/1/2020	**117**	**238**	**7,303**	**3,328**	**10,986**
Transfers between stages (net)	24	50	(74)	-	**-**
ECL impairment charge/ (release) for the period (P&L)	(13)	41	412	141	**580**
Change in the present value of the allowance	-	1	179	107	**287**
Write-off of interest recognised from change in the present value of the allowance	-	(2)	(262)	(122)	**(386)**
Write-offs	(1)	(1)	(500)	(234)	**(736)**
FX differences and other movements	(20)	(16)	(158)	(25)	**(218)**
ECL allowance as at 30/6/2020	**107**	**312**	**6,900**	**3,194**	**10,514**

Movement in ECL allowance	Company				
	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 1/1/2021	**-**	**8**	**1,851**	**995**	**2,853**
Transfer (to)/ from Held for Sale	-	-	-	-	-
Transfers between stages (net)	-	6	(6)	-	-
ECL impairment charge/ (release) for the period (P&L)	10	124	990	398	1,522
Change in the present value of the allowance	-	-	60	33	93
Write-off of interest recognised from change in the present value of the allowance	-	-	(76)	(37)	(112)
Write-offs	-	-	(4)	-	(4)
Disposals of loans and advances	(9)	(140)	(2,814)	(1,382)	(4,345)
FX differences and other movements	(1)	2		(7)	(6)
ECL allowance as at 30/6/2021	**-**	**-**	**-**	**-**	**-**

Movement in ECL allowance	Company				
	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 1/1/2020	**109**	**233**	**7,245**	**3,207**	**10,794**
Transfers between stages (net)	26	47	(73)	-	-
ECL impairment charge/ (release) for the period (P&L)	(13)	40	406	138	**571**
Change in the present value of the allowance	-	1	175	104	**279**
Write-off of interest recognised from change in the present value of the allowance	-	(1)	(255)	(119)	**(375)**
Write-offs	(1)	(1)	(491)	(224)	**(716)**
FX differences and other movements	(19)	(16)	(153)	(25)	**(212)**
ECL allowance as at 30/6/2020	**103**	**304**	**6,853**	**3,082**	**10,342**

The gross modification loss recognised by the Group and the Company, during the period ended 30 June 2021, for loans with ECL allowance measured at an amount equal to lifetime expected credit losses was € 61 million and € 4 million, respectively (30 June 2020: € 46 million and € 45 million, respectively). The said loss represents the changes in the gross carrying amount (before ECL allowance) of the loans from immediately before, to immediately after modification. The impact of modification for the Group and the Company on the ECL allowance associated with these loans was a release of ECL allowance of € 12 million and € 1 million, respectively (30 June 2020: € 42 million and € 41 million, respectively). The net impact for the Group and the Company on the income statement for the period ended 30 June 2021 was, therefore, € 49 million and € 3 million, respectively (30 June 2020: € 4 million and € 4 million, respectively). The gross carrying amount (before modification) of the loans whose cash flows were modified during the period ended 30 June 2021 amounted to € 3,524 million for the Group (30 June 2020: € 3,790 million) and 271 million for the Company (30 June 2020: € 3,711 million). The gross carrying amount as at 30 June 2021 of loans and advances to customers at amortised cost that have been modified since initial recognition at a time when their ECL allowance was measured at an amount equal to lifetime ECL (Stage 3 and Stage 2) and for which their respective ECL allowance as at 30 June 2021 is measured at an amount equal to 12-month ECL (Stage 1), is € 319 million (30 June 2020: € 338 million).

4.2.2 Receivables from the Greek Public Sector

The following table presents the carrying amount of the Group's and the Company's receivables from the Greek Public Sector.

	Group		Company	
	30/6/2021	31/12/2020	30/6/2021	31/12/2020
Derivative financial instruments	383	401	-	-
Debt securities at FVTPL	450	337	-	-
Loans and advances to Public sector at amortised cost	246	1,718	-	2
Debt securities at amortised cost	6,077	3,681	-	-
Debt securities at FVTOCI	2,046	1,839	-	-
Other assets	551	545	10	22
Total	**9,753**	**8,522**	**10**	**24**

The decrease in the carrying amount of "Loans and advances to Public Sector at amortised cost" by approximately € 1.5 billion is mainly due to the repayment of funding provided to OPEKEPE, a public sector organisation, aiming to the prompt distribution of European Union subsidies to Greek farmers.

During the period ended 30 June 2021, the Group purchased GGBs of nominal value € 2.1 billion, which were classified at amortised cost. Refer to Note 17 for further information on material debt securities transactions throughout the reporting period.

5 Segment analysis

The CEO, supported by the members of the Group Executive Committee, is considered the Chief Operating Decision Maker for the purposes of identifying the Group's reportable segments.

The Group manages its business through the following reportable segments:

Retail Banking – Includes Mass, Affluent, Private Banking, Small Businesses, and Public core customer segments as well as Channels.

Corporate Banking – Includes Large Corporates, Shipping, SME and Agricultural Core customer segments.

Piraeus Financial Markets ("PFM") – This segment includes the Fixed Income, Foreign Exchange, Treasury activities (including the management of the interest rate gap resulting from all banking activities) and Institutional Clients.

Other – Includes all management related activities not allocated to specific customer segments, the management of REO, non client related Group's equity participations, international banking, funding transactions approved by the Group Asset Liability Committee ("ALCO") and intersegmental eliminations.

NPE MU – Includes the management of any NPE lending exposures assessed as non-core business, irrespectively of whether the said exposures are serviced by the Group or third parties. In addition, following the derecognition of Phoenix and Vega securitized portfolios, the retained by the Group senior and subordinated notes are included in this reportable segment. The accrued fees payable to Intrum Hellas Credit Servicing S.A. for servicing the Group's NPE portfolio are recognised within this reportable segment.

All inter-company transactions are undertaken on arm's length terms and inter-segment transactions and balances are eliminated within each relevant segment.

An analysis of the results and other financial figures per business segment of the Group is presented below.

1/1 - 30/6/2021	«Core» Segments					NPE MU	Group
	Retail Banking	Corporate Banking	PFM	Other	Total		
Net interest income	219	237	77	76	609	163	772
Net fee and commission income	105	66	3	(2)	171	5	177
Net gain/ (losses) from derecognition of financial instruments measured at amortised cost	-	1	316	2	320	-	320
Net other income/ (expenses)	3	1	169	18	192	4	197
Total Net Income	**326**	**305**	**566**	**94**	**1,292**	**173**	**1,464**
Total operating expenses before provisions	(216)	(77)	(17)	(116)	(425)	(66)	(491)
Profit/ (loss) before provisions, impairment and income tax	**110**	**229**	**549**	**(22)**	**866**	**107**	**973**
ECL Impairment losses on loans and advances to customers at amortised cost	(221)	(8)	-	(22)	(251)	(2,990)	(3,240)
Impairment (losses) / releases on other assets	-	-	-	(14)	(14)	-	(14)
ECL impairment (losses) / releases on debt securities measured at FVTOCI	-	-	(10)	-	(10)	-	(10)
Impairment on subsidiaries and associates	-	-	-	(23)	(23)	-	(23)
Impairment of property and equipment and intangible assets	-	-	-	(2)	(2)	-	(2)
Impairment on debt securities at amortised cost	-	-	(19)	-	(19)	-	(19)
Other provision charges/ (releases)	-	-	-	4	4	-	4
Share of loss of associates and joint ventures	-	-	-	(7)	(7)	-	(7)
Profit/ (loss) before income tax	**(111)**	**221**	**520**	**(86)**	**545**	**(2,882)**	**(2,337)**
Income tax benefit/ (expense)							(111)
Profit/ (loss) for the period from continuing operations							**(2,448)**
Profit/ (loss) after income tax from discontinued operations	-	-	-	(2)	(2)	-	(2)
Profit/ (loss) for the period							**(2,450)**
As at 30/6/2021							
Total assets from continuing operations (excluding assets held for sale)	9,644	15,393	25,595	13,397	64,029	8,306	72,335
Total assets from discontinued operations	-	-	-	116	116	-	116
Assets held for sale	60	56	-	12	129	2,459	2,587
Total assets	9,704	15,448	25,595	13,525	64,273	10,765	75,037
Total liabilities	38,765	9,936	15,095	4,371	68,167	334	68,501

1/1 - 30/6/2020	«Core» Segments					NPE MU	Group
	Retail Banking	Corporate Banking	PFM	Other	Total		
Net interest income	228	223	69	19	539	188	**727**
Net fee and commission income	86	57	3	(0)	145	6	**151**
Net gain/ (losses) from derecognition of financial instruments measured at amortised cost	-	(2)	-	-	(2)	11	**10**
Net other income/ (expenses)	3	2	9	16	30	4	**34**
Total Net Income	**317**	**280**	**81**	**35**	**713**	**209**	**922**
Total operating expenses before provisions	(222)	(68)	(15)	(85)	(390)	(61)	**(452)**
Profit/ (loss) before provisions, impairment and income tax	**95**	**212**	**66**	**(50)**	**323**	**147**	**470**
ECL Impairment losses on loans and advances to customers at amortised cost	(59)	(53)	-	-	(111)	(469)	**(580)**
Impairment (losses) / releases on other assets	-	-	-	(72)	(72)	-	**(72)**
ECL impairment (losses) / releases on debt securities measured at FVTOCI	-	-	(4)	-	(4)	-	**(4)**
Impairment of property and equipment and intangible assets	-	-	-	(2)	(2)	-	**(2)**
Impairment on debt securities at amortised cost	-	-	(11)	-	(11)	-	**(11)**
Other provision charges/ (releases)	-	-	-	(2)	(1)	-	**(1)**
Share of loss of associates and joint ventures	-	-	-	(16)	(16)	-	**(16)**
Profit/ (loss) before income tax	**36**	**160**	**51**	**(141)**	**106**	**(321)**	**(215)**
Income tax benefit/ (expense)							70
Profit/ (loss) for the period from continuing operations							**(145)**
Profit/ (loss) after income tax from discontinued operations	-	-	-	(5)	(5)	-	**(5)**
Profit/ (loss) for the period							**(150)**
As at 31/12/2020							
Total assets from continuing operations (excluding assets held for sale)	10,424	16,380	17,855	13,509	58,167	13,115	**71,282**
Total assets from discontinued operations	-	-	-	112	112	-	**112**
Assets held for sale	2	-	-	-	2	179	**181**
Total assets	10,426	16,380	17,855	13,621	58,282	13,294	**71,576**
Total liabilities	37,364	10,030	12,670	4,037	64,102	321	**64,423**

In the tables above, interest income is presented for each reportable segment net of interest expense, as the performance of each segment is evaluated on a net interest income basis. Line item "Net other income/ (expenses)" incudes also net gain/ (losses) from financial instruments measured at FVTPL and FVTOCI amounting to € 169 million and € 10 million for the periods ended 30 June 2021 and 2020, respectively.

6 Net interest income

Continuing operations	Group		Company	
	1/1 - 30/6/2021	1/1 - 30/6/2020	1/1 - 30/6/2021	1/1 - 30/6/2020
Interest and similar income				
Securities measured at FVTOCI	24	21	-	21
Debt securities at amortised cost	36	17	43	17
Loans and advances to customers at amortised cost and reverse repos	736	797	67	791
Due from banks	1	6	-	7
Negative interest from interest bearing liabilities	76	2	-	2
Other interest income	7	6	-	4
Total interest income for financial instruments not measured at FVTPL	**881**	**849**	**110**	**841**
Financial instruments measured at FVTPL	3	6	-	6
Derivative financial instruments	70	48	-	48
Total interest and similar income	**954**	**904**	**110**	**895**
Interest expense and similar charges				
Due to customers and repurchase agreements	(23)	(54)	-	(54)
Debt securities in issue and other borrowed funds	(37)	(33)	(42)	(34)
Due to banks	(1)	(2)	-	(2)
Contribution of Law 128/75	(32)	(32)	(1)	(32)
Negative interest from interest bearing assets	(16)	(2)	-	(2)
Other interest expense	(1)	(1)	-	(2)
Total interest expense from financial instruments not measured at FVTPL	**(111)**	**(125)**	**(43)**	**(126)**
Derivative financial instruments	(71)	(51)	-	(51)
Total interest and similar expense	**(182)**	**(176)**	**(43)**	**(176)**
Net interest income	**772**	**727**	**67**	**718**

The Group's net interest income increased during the first semester of 2021, compared to the corresponding period of 2020, mainly due to the recognition of € 47.5 million relating to the additional margin of -0.50% to be provided in the context of TLTRO III program, considering that the Group meets the eligibility criteria for the special reference period from 1st March 2020 to 31st March 2021. The amount was determined based on actual net lending evolution information throughout the said period, indicating that the specified threshold has been met, and is included in line item "Negative interest from interest bearing liabilities" of the table above.

7 Net fee and commission income

Continuing operations	Group		Company	
	1/1 - 30/6/2021	1/1 - 30/6/2020	1/1 - 30/6/2021	1/1 - 30/6/2020
Fee and commission income				
Commercial banking	194	172	19	148
Investment banking	13	12	-	5
Asset management	13	9	-	6
Total fee and commission income	**219**	**193**	**19**	**159**
Fee and commission expense				
Commercial banking	(39)	(39)	(2)	(36)
Investment banking	(3)	(3)	-	(0)
Total fee and commission expense	**(42)**	**(42)**	**(2)**	**(36)**
Net fee and commission income	**177**	**151**	**17**	**123**

a. Fee and commission income

The Group and the Company classify revenue from contracts with customers based on the type of services provided. Management believes that this classification reflects how the nature, quantity, timing and uncertainty of the Group's and the Company's income and cash flows are affected by financial factors.

The tables below present total fee and commission income from contracts with customers of the Group and the Company, for the periods ended 30 June 2021 and 2020, respectively, per product type and business segment.

Group	Total Fee and Commission income					
1/1 - 30/6/2021	Retail Banking	Corporate Banking	Piraeus Financial Markets	Other	NPE MU	Total
Acquiring	22	10	-	-	1	**33**
Asset management/Brokerage	16	1	3	1	-	**21**
Bancassurance	17	3	-	2	1	**23**
Cards Issuance	18	3	-	-	1	**22**
Deposits Commissions	4	-	-	-	-	**4**
Funds Transfer	22	6	-	2	-	**30**
Letters of Guarantee	1	13	-	-	2	**16**
Loans and advances to customers	4	28	-	-	1	**33**
Payments	10	2	1	-	-	**13**
FX fees	6	1	-	1	-	**8**
Other	8	6	-	2	-	**16**
Total	**128**	**73**	**4**	**8**	**6**	**219**

Company	Total Fee and Commission income					
1/1 - 30/6/2021	Retail Banking	Corporate Banking	Piraeus Financial Markets	Other	NPE MU	Total
Bancassurance	15	2	-	1	1	19
Total	**15**	**2**	**-**	**1**	**1**	**19**

Group	Total Fee and Commission income					
1/1 - 30/6/2020	Retail Banking	Corporate Banking	Piraeus Financial Markets	Other	NPE MU	Total
Acquiring	18	9	-	-	1	**28**
Asset management/Brokerage	13	1	3	2	-	**18**
Bancassurance	15	2	-	2	1	**20**
Cards Issuance	16	2	-	1	1	**20**
Deposits Commissions	3	1	-	-	-	**4**
Funds Transfer	18	5	-	-	1	**24**
Letters of Guarantee	1	13	1	-	1	**16**
Loans and advances to customers	4	22	-	1	1	**28**
Payments	10	2	-	-	-	**12**
FX fees	8	1	-	-	-	**9**
Other	7	5	-	2	-	**14**
Total	**113**	**63**	**4**	**7**	**6**	**193**

Company	Total Fee and Commission income					
1/1 - 30/6/2020	Retail Banking	Corporate Banking	Piraeus Financial Markets	Other	NPE MU	Total
Acquiring	18	9	-	-	1	**28**
Asset management/Brokerage	6	-	2	-	-	**8**
Cards Issuance	16	2	-	-	2	**20**
Deposits Commissions	3	1	-	-	-	**4**
Funds Transfer	18	5	-	-	1	**24**
Letters of Guarantee	1	13	1	-	1	**16**
Loans and advances to customers	4	20	-	1	-	**25**
Payments	10	2	-	-	-	**12**
FX fees	8	1	-	-	-	**9**
Other	7	5	-	-	-	**12**
Total	**91**	**59**	**3**	**1**	**5**	**159**

b. Other income

The tables below present other income from contracts with customers of the Group and the Company, for the periods ended 30 June 2021 and 2020, which fall within the scope of IFRS 15.

Group	Other Income				
1/1 - 30/6/2021	Retail Banking	Corporate Banking	Other	NPE MU	Total
Other operating income	-	-	23	4	27
Gain from sale of other assets	-	-	4	-	4
Total	**-**	**-**	**27**	**4**	**31**

Group	Other Income				
1/1 - 30/6/2020	Retail Banking	Corporate Banking	Other	NPE MU	Total
Other operating income	-	-	15	3	**18**
Gain from sale of investment property	-	-	2	-	**2**
Gain from sale of other assets	-	-	1	-	**1**
Total	**-**	**-**	**18**	**3**	**21**

Company	Other Income				
1/1 - 30/6/2020	Retail Banking	Corporate Banking	Other	NPE MU	Total
Other operating income	-	-	5	3	**8**
Gain from sale of other assets	-	-	1	-	**1**
Total	**-**	**-**	**6**	**3**	**9**

8 Discontinued operations

The Group's discontinued operations as at 30 June 2021 and 31 December 2020 comprise solely of IMITHEA S.A.

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

	1/1 - 30/6/2021	1/1 - 30/6/2020
Net other income/ (expenses)	20	16
TOTAL NET INCOME	**20**	**16**
Staff costs	(14)	(14)
Administrative expenses	(6)	(5)
Depreciation and amortisation	(2)	(2)
TOTAL OPERATING EXPENSES BEFORE PROVISIONS	**(22)**	**(21)**
LOSS AFTER INCOME TAX FROM DISCONTINUED OPERATIONS	**(2)**	**(5)**

B) Assets and liabilities from discontinued operations

	30/6/2021	31/12/2020
ASSETS		
Property and equipment	80	80
Deferred tax assets	11	11
Other assets	25	21
Total Assets	**116**	**112**

	30/6/2021	31/12/2020
LIABILITIES		
Retirement and termination benefit obligations	6	6
Provisions	3	3
Other liabilities	23	22
Total Liabilities	**32**	**31**

9 Net gain/ (losses) from financial instruments measured at FVTPL

The Group's net gain/ (losses) from financial instruments measured at FVTPL for the period ended 30 June 2021 comprises mainly trading gains of € 88 million from derivatives.

Additionally, the Company's net gain/ (losses) from financial instruments measured at FVTPL for the same period amounted to a loss of € 73 million, attributable to retranching of the securitization notes issued by the Vega securitization SPVs during the first semester of 2021, prior to completion of the sale of 30% of the Class B notes and 50% plus 1 of the Class C notes to Intrum AB.

10 Net gain/ (losses) from derecognition of financial instruments measured at amortised cost

The Group's net gain/ (losses) from derecognition of financial instruments measured at amortised cost is mainly due to the following:

In January 2021, the Group exchanged with the Hellenic Republic seven (7) existing GGBs of total nominal value € 2,824 million and fair value of € 3,577 million maturing throughout 2027 to 2042, for a new 30-year GGB, with a nominal value of € 2,400 million and fair value of € 3,553 million. The difference of € 24 million between the fair value of the GGBs exchanged and the fair value of the GGB received was settled by the Hellenic Republic in cash. The gain recognised from the exchange amounted to € 221 million.

On 1 March 2021, the Group sold certain Italian sovereign bonds of total nominal value € 1,150 million and realised a gain of € 85 million.

Please also refer to Note 17 for the aforementioned transactions.

11 Staff costs

Following the successful implementation of the 2020 Voluntary Exit Scheme ("VES"), the Group initiated in June 2021 a new VES for targeted groups of employees, in alignment with its strategic objectives and transformation priorities. Target of the new scheme is to achieve a decrease of approximately additional 1,000 FTEs. As of 30 June 2021, the provision established in relation to VES amounted to € 90 million, out of which € 40 million were recognised within the current period. Staff costs, excluding the non-recurring charge of the new VES stood at €193 million, down by 9% compared to the corresponding prior period.

12 Income tax benefit / (expense)

Continuing operations	Group		Company	
	1/1 - 30/6/2021	1/1 - 30/6/2020	1/1 - 30/6/2021	1/1 - 30/6/2020
Current tax expense	(4)	(1)	-	(1)
Deferred tax benefit / (expense)	(107)	71	-	71
Income tax benefit / (expense)	**(111)**	**70**	**-**	**70**

Based on Greek Law 4646/2019, corporate income tax rate for legal entities, other than credit institutions, decreased to 24% for tax years as of 2019 onwards. Additionally, under the tax amendments of new Law 4799/2021 corporate income tax rate for legal entities, other than credit institutions, decreases to 22% for tax years as of 2021 onwards.

The corporate income tax rate applicable to the Company for 2021 is 22% compared to 24% in 2020.

Withholding tax on dividends acquired as of 1 January 2020 onwards formulates to 5%.

The deferred tax benefit / (expense) for the Group and the Company recognised during the periods ended 30 June 2021 and 2020 is attributable to the following sources of temporary differences between tax base and carrying amount:

	Group		Company	
	1/1 - 30/6/2021	1/1 - 30/6/2020	1/1 - 30/6/2021	1/1 - 30/6/2020
Pensions and other post retirement benefits	(7)	(1)	-	(1)
Loans and advances to customers	(36)	30	-	29
Other provisions	(1)	-	-	-
Derivative financial instruments valuation adjustment	2	6	-	6
Depreciation and amortisation	(1)	4	-	4
Amortisation of intangible assets and lease liabilities	13	(5)	-	(5)
Impairment of Greek government bonds (PSI related)	(28)	(28)	-	(28)
Equity participations	(4)	27	-	27
Other temporary differences	(46)	38	-	38
Total	**(107)**	**71**	**-**	**71**

No deferred tax asset has been recognised for the Group and the Company on tax losses carried forward. As of 30 June 2021, tax losses carried forward amounted to € 2,045 million (31 December 2020: € 591 million) for the Group and € 1,756 million (31 December 2020: € 85 million) for the Company, respectively.

As at 30 June 2021, the Group has recognised a deferred tax asset (DTA) of € 6,275 million (31 December 2020: € 6,337 million) and a deferred tax liability of € 31 million (31 December 2020: € 31 million). The Company for the same reporting period as well as for the comparative period has not recognised any DTA, whilst the deferred tax liability as at 30 June 2021 and 31 December 2020 amounted to € 1 million, respectively.

As at 30 June 2021, the DTA of the Group that meets the provisions of Law 4172/2013, i.e. is eligible for Deferred Tax Credit (DTC), amounted to € 3.7 billion (31 December 2020: € 3.7 billion), of which € 1.1 billion relates to unamortised PSI losses (31 December 2020: € 1.1 billion) and € 2.6 billion relates to temporary differences between the IFRS carrying amount and tax base of loans and advances to customers (31 December 2020: € 2.6 billion).

13 Earnings/ (losses) per share

Basic earnings/(losses) per share (“EPS”) are calculated by dividing the profit/(loss) after tax attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the period, excluding the average number of ordinary shares held by the Group.

On 4 January 2021, the Contingent Convertible Securities (“CoCos”) were automatically converted into 394,400,000 ordinary shares, hence, HFSF’s stake in the share capital of the Company increased from 26.4% to 61.3% at that date. Following the share capital increase of the Company that was completed on 29 April 2021, HFSF’s shareholding reduced from 61.3% to 27.0% as of 30 June 2021. The table below shows the basic and diluted earnings/ (losses) per share from continuing and discontinued operations for the Group:

	1/1 - 30/6/2021	1/1 - 30/6/2020	1/4 - 30/6/2021	1/4 - 30/6/2020
Profit/(loss) for the period attributable to ordinary shareholders of the parent entity from continuing operations	(2,449)	(144)	(2,046)	85
Profit/(loss) for the period attributable to ordinary shareholders of the parent entity from discontinued operations	(2)	(5)	1	(2)
Profit/(loss) for the period attributable to ordinary shareholders of the parent entity from continuing and discontinued operations	**(2,451)**	**(149)**	**(2,045)**	**83**
Weighted average number of ordinary shares in issue (Basic earnings/losses)	433,269,267	26,455,168	822,681,525	26,450,767
Weighted average number of ordinary shares in issue (Diluted earnings/losses)	433,269,267	26,455,168	822,681,525	50,353,797
Basic earnings/(losses) per share in € from continuing operations	(5.65)	(5.46)	(2.49)	3.22
Diluted earnings/(losses) per share in € from continuing operations	(5.65)	(5.46)	(2.49)	1.69
Basic earnings/(losses) per share in € from discontinued operations	(0.00)	(0.18)	0.00	(0.09)
Diluted earnings/(losses) per share in € from discontinued operations	(0.00)	(0.18)	0.00	(0.05)
Basic earnings/(losses) per share in € from continuing and discontinued operations	**(5.65)**	**(5.64)**	**(2.49)**	**3.13**
Diluted earnings/(losses) per share in € from continuing and discontinued operations	**(5.65)**	**(5.64)**	**(2.49)**	**1.64**

The weighted average number of shares presented in the current period and its comparative has been retrospectively adjusted in order to reflect the reverse split of the Company's ordinary shares at a ratio of 16.5 existing shares of € 6.00 per share exchanged for 1 new share of € 99.00 per share, which was approved by the Extraordinary General Meeting of the Company's shareholders held on 7 April 2021.

In addition, the weighted average number of shares presented in the current period has incorporated the increase of the Company's share capital by € 1,200,000,000 with the issuance of 1,200,000,000 new shares, which was approved by the Company's Board of Directors held on 16 April 2021. Trading of the new shares on the Main Market of the Athens Stock Exchange commenced on 7 May 2021. Refer to Note 25.1 for further information.

14 Tax effects relating to other comprehensive income / (expense) for the period

Group - Continuing operations	1/1 - 30/6/2021			1/1 - 30/6/2020		
	Gross	Tax	Net	Gross	Tax	Net
Items that may be reclassified subsequently to profit or loss						
Change in reserve from debt securities measured at FVTOCI	(102)	32	(70)	46	(12)	34
Change in currency translation reserve	3	-	3	(2)	-	(2)
Items that will not be reclassified subsequently to profit or loss						
Change in reserve from equity instruments measured at FVTOCI	(46)	13	(33)	(13)	4	(9)
Change in reserve of actuarial gains/ (losses)	-	-	-	(1)	-	-
Other comprehensive income/ (expense) from continuing operations	**(145)**	**45**	**(100)**	**30**	**(8)**	**22**

Company	1/1 - 30/6/2021			1/1 - 30/6/2020		
	Gross	Tax	Net	Gross	Tax	Net
Items that may be reclassified subsequently to profit or loss						
Change in reserve from debt securities measured at FVTOCI	-	-	-	46	(12)	34
Items that will not be reclassified subsequently to profit or loss						
Change in reserve from equity instruments measured at FVTOCI	-	-	-	(13)	4	(9)
Other comprehensive income/ (expense)	**-**	**-**	**-**	**33**	**(8)**	**25**

15 Loans and advances to customers at amortised cost

	Group		Company	
	30/6/2021	31/12/2020	30/6/2021	31/12/2020
Mortgages	7,688	13,277	-	2,799
Consumer/ personal and other loans	1,867	2,962	-	316
Credit cards	537	664	-	34
Retail Lending	**10,092**	**16,904**	**-**	**3,150**
Corporate and Public Sector Lending	**26,334**	**31,198**	**1**	**3,040**
Total gross loans and advances to customers at amortised cost	**36,426**	**48,102**	**1**	**6,190**
Less: ECL allowance	(3,276)	(8,478)	-	(2,363)
Total	**33,150**	**39,624**	**1**	**3,826**

A reconciliation of the ECL allowance of loans and advances to customers at amortised cost, as defined in Note 4.2.1, against the values presented in the aforementioned table is provided below, after taking into account the unamortised purchase price allocation adjustment as of the reporting date.

	Group		Company	
	30/6/2021	31/12/2020	30/6/2021	31/12/2020
Mortgages (grossed up with PPA adjustment)	7,697	13,445	-	2,868
Less PPA adjustment	(9)	(167)	-	(68)
Mortgages	**7,688**	**13,277**	**-**	**2,799**
Consumer/ personal and other loans (grossed up with PPA adjustment)	1,913	3,307	-	372
Less PPA adjustment	(46)	(344)	-	(56)
Consumer/ personal and other loans	**1,867**	**2,962**	**-**	**316**
Credit cards (grossed up with PPA adjustment)	546	731	-	47
Less PPA adjustment	(9)	(67)	-	(12)
Credit cards	**537**	**664**	**-**	**34**
Retail Lending (grossed up with PPA adjustment)	10,156	17,483	-	3,286
Less PPA adjustment	(64)	(579)	-	(136)
Retail Lending	**10,092**	**16,904**	**-**	**3,150**
Corporate and Public Sector Lending (grossed up with PPA adjustment)	26,483	32,045	1	3,393
Less PPA adjustment	(149)	(847)	-	(354)
Corporate and Public Sector Lending	**26,334**	**31,198**	**1**	**3,040**
Total gross loans and advances to customers at amortised cost (grossed up with PPA adjustment)	36,639	49,528	1	6,680
Less PPA adjustment	(213)	(1,426)	-	(490)
Total gross loans and advances to customers at amortised cost (A)	**36,426**	**48,102**	**1**	**6,190**
Less: ECL allowance (grossed up with PPA adjustment)	(3,489)	(9,904)	-	(2,853)
Less PPA adjustment	213	1,426	-	490
Less: ECL allowance (B)	**(3,276)**	**(8,478)**	**-**	**(2,363)**
Net loans and advances to customers at amortised cost (A) + (B)	**33,150**	**39,624**	**1**	**3,826**

16 Assets held for sale

As at 30 June 2021, the carrying amount of the Group’s assets held for sale amounted to € 2,587 million (31 December 2020: € 181 million) and comprised solely of loans and advances to customers. Further information on portfolios classified as held for sale or sold during the current period, is provided below:

Sunrise I Portfolio

Management assessed whether the held for sale criteria were satisfied as of 30 June 2021 and concluded that such classification is appropriate. For additional information on the basis and factors applied by Management in its assessment, refer to Note 3.1. Following the ECL impairment charge of € 1,418 million recognised as a result of the held for sale classification, the carrying amount of the portfolio as of 30 June 2021 was written down to € 2,488 million.

Iris

The sale of partially secured NPE and denounced loans with total legal claims of approximately €1.7 billion to IRIS Hellas Investments DAC, a consortium comprised of Intrum Holding AB and the European Bank for Reconstruction and Development (EBRD) was completed on 5 February 2021, after obtaining the required regulatory approvals, with a consideration of € 40 million.

Trinity

During 2019 and 2020, the Group commenced the disposal process of total legal claims amounting to € 821 million, arising from NPE corporate loans secured with real estate collaterals. A partial disposal of the portfolio incurred in 2020, amounting to total claims of € 307 million, namely sub-perimeters Trinity I, II and III, while in June 2021 a portion of sub-perimeter Trinity IV amounting to total legal claims of € 55 million was also disposed, with a consideration of € 16 million. The disposal of the remaining portfolios, i.e. the remainder sub-perimeter of Trinity IV and Trinity VIII is expected to be completed in the current year.

Steel

The sale of corporate loans, equivalent to € 56 million total legal claims. was completed in May 2021, with a consideration of € 8 million.

Pivot

The sale of corporate loans of € 191 million total legal claims and corporate receivables with gross book value of € 228 million is expected to be completed in the current year.

Danube

In June 2021 the Group completed the sale of corporate loans equivalent to € 59 million total legal claims, with a consideration of € 18 million.

Istros

The sale of corporate loans equivalent to € 117 million total legal claims is expected to be completed in the current year.

17 Debt securities at amortised cost and financial assets measured at FVTOCI

As at 30 June 2021, the Group's portfolios of debt securities measured at amortised cost and financial assets measured at FVTOCI amounted to € 8,629 million and € 2,671 million, respectively (31 December 2020: € 4,964 million and € 2,898 million, respectively). The aforementioned investment securities mainly comprise foreign and domestic government bonds, the vast majority of which have a residual maturity higher than 12 months.

In January 2021, the Group exchanged with the Hellenic Republic seven (7) existing GGBs of total nominal value € 2,824 million, for a new 30-year GGB with a nominal value of € 2,400 million. The exchange was executed at market terms and the Group recognised a gain before tax of € 221 million. Refer to Note 10 for further details on the transaction. On 1 March 2021, the Group sold certain Italian sovereign bonds from its amortised cost portfolio of total nominal value € 1,150 million and realised a gain before tax of € 85 million.

During the period ended 30 June 2021, the Group's portfolio of debt securities measured at amortised cost increased mainly due to purchases of GGBs and foreign sovereign bonds of nominal value € 2,050 million and € 2,365 million, respectively.

The entire population of debt securities at amortised cost is classified in Stage 1 and the resulting ECL allowance as at 30 June 2021 amounted to € 20 million. Additionally, an amount of € 2,595 million of debt securities measured at FVTOCI is classified in Stage 1 with a corresponding ECL allowance of € 15 million, while an amount of € 19 million is classified in Stage 2 with a corresponding ECL allowance of € 2 million (Refer to Note 26 for the ECL allowance recognised in OCI during the period).

During the period ended 30 June 2021, the Group applied fair value hedge accounting in order to mitigate its exposure arising from interest rate variability on GGBs by using interest rate swaps. Specifically, the total nominal value of GGBs measured at FVTOCI and amortised cost, for which fair value hedge accounting was applied as of 30 June 2021, amounted to € 460 million and € 1,844 million, respectively. The impact of fair value hedge accounting on the said GGBs was a loss of € 75 million, which was fully offset by the equivalent valuation gain of the hedging derivatives.

18 Investments in consolidated companies

The investments of the Group and the Company in consolidated companies from continuing and discontinued operations as at 30 June 2021, are analysed below:

A. Subsidiaries (full consolidation method)

a/a	Name of Company	Activity	Country	Unaudited tax years [1]	Group % holding	Company % holding
1.	Piraeus Bank S.A.	Banking activities	Greece	-	100.00%	100.00%
2.	Piraeus Leasing Single Member S.A.	Financial Leasing	Greece	2015-2020	100.00%	-
3.	Piraeus Leases Single Member S.A.	Financial Leasing	Greece	2015-2020	100.00%	-
4.	Piraeus Financial Leasing Single Member S.A.	Financial Leasing	Greece	2015-2020	100.00%	-
5.	Dynamic Asset Operating Leasing S.A.	Operating Leasing	Greece	2015-2020	100.00%	-
6.	Geniki Financial & Consulting Services S.A.	Financial & consulting services	Greece	2015-2020	100.00%	-
7.	Piraeus Securities S.A.	Stock exchange operations	Greece	2015-2020	100.00%	-
8.	Piraeus Factoring Single Member S.A.	Corporate factoring	Greece	2015-2020	100.00%	-
9.	Piraeus Capital Management S.A.	Venture capital fund	Greece	2015-2020	100.00%	-
10.	Piraeus Jeremie Technology Catalyst Management S.A.	Management of venture capital fund	Greece	2015-2020	100.00%	-
11.	ETVA Fund Management S.A.	Management of venture capital mutual funds	Greece	2015-2020	65.00%	-
12.	Piraeus Asset Management M.F.M.C.	Mutual funds management	Greece	2015-2020	100.00%	-
13.	Geniki Information S.A.	Assessment and collection of commercial debts	Greece	2015-2020	100.00%	-

a/a	Name of Company	Activity	Country	Unaudited tax years (1)	Group	Company
					% holding	% holding
14.	DI.VI.PA.KA S.A.	Administrative and managerial body of the Kastoria industrial park	Greece	2015-2020	57.53%	-
15.	ETVA Development S.A.	Investment and development activities, in accordance with the principles of sustainable development	Greece	2015-2020	65.00%	-
16.	ETVA Industrial Parks S.A.	Development/ management of industrial areas	Greece	2015-2020	65.00%	-
17.	Abies S.A.	Property management	Greece	2015-2020	61.65%	-
18.	Achaia Clauss Estate S.A.	Property management	Greece	2015-2020	75.62%	-
19.	Euroterra S.A.	Property management	Greece	2015-2020	62.90%	-
20.	Kosmopolis A' Shopping Centers Single Member S.A.	Shopping center's management	Greece	2015-2020	100.00%	-
21.	ND Development Single Member S.A.	Property management	Greece	2015-2020	100.00%	-
22.	New Up Dating Development Real Estate and Tourism Single Member S.A.	Property, tourism & development company	Greece	2015-2020	100.00%	-
23.	Picar Single Member S.A.	City Link areas management	Greece	2015-2020	100.00%	-
24.	P.H. Development	Property management	Greece	2015-2020	100.00%	-
25.	Rebikat S.A.	Property management	Greece	2015-2020	61.92%	-
26.	General Construction and Development Co. S.A.	Property development/ holding company	Greece	2015-2020	66.66%	-
27.	Entropia Ktimatiki S.A.	Property management	Greece	2015-2020	66.70%	-
28.	Euroak S.A. Real Estate	Real estate investment	Greece	2015-2020	53.60%	-
29.	Komotini Real Estate Development Single Member S.A.	Property management	Greece	2015-2020	100.00%	-
30.	Piraeus Buildings S.A.	Property development	Greece	2010-2020	100.00%	-
31.	Piraeus Development Single Member S.A.	Property management	Greece	2015-2020	100.00%	-
32.	Piraeus Real Estate Single Member S.A.	Construction company	Greece	2015-2020	100.00%	-
33.	Pleiades Estate Single Member S.A.	Property management	Greece	2015-2020	100.00%	-
34.	Piraeus Agency Solutions Single Member S.A.	Insurance agency	Greece	2015-2020	100.00%	100.00%
35.	KPM Energy Single Member S.A.	Energy generation and exploitation through renewable energy resources	Greece	2015-2020	100.00%	-
36.	Mille Fin S.A.	Vehicle Trading	Greece	2015-2020	100.00%	-
37.	Multicollection S.A.	Assessment and collection of commercial debts	Greece	2009-2020	51.00%	-
38.	Piraeus Direct Solutions Single Member S.A.	Financial - telecommunication & IT services	Greece	2015-2020	100.00%	-
39.	Zibeno I Energy Single Member S.A.	Energy generation through renewable energy resources	Greece	2015-2020	100.00%	-
40.	Centre of Sustainable Entrepreneurship Excelixi Single Member S.A.	Consulting Services - Hotel - Training & Seminars	Greece	2015-2020	100.00%	-

a/a	Name of Company	Activity	Country	Unaudited tax years [1]	Group % holding	Company % holding
41.	PROSPECT M.C.P.Y.	Yachting management	Greece	2015-2020	100.00%	-
42.	Anemos Ipirou Anonymi Energeiaki Etaireia	Exploitation of wind energy park	Greece	2015-2020	100.00%	-
43.	Aioliki Beleheri Single Member S.A.	Exploitation of wind energy park	Greece	2015-2020	100.00%	-
44.	Aiolikon Parko Artas Aetoi E.E.	Exploitation of wind energy park	Greece	2015-2020	100.00%	-
45.	Aiolikon Parko Evritanias 2 Morforahi E.E.	Exploitation of wind energy park	Greece	2015-2020	100.00%	-
46.	Aiolikon Parko Evritanias 4 Ouranos E.E.	Exploitation of wind energy park	Greece	2015-2020	100.00%	-
47.	DMX Aioliki Marmariou - Agathi LLP	Exploitation of wind energy park	Greece	2015-2020	100.00%	-
48.	DMX Aioliki Marmariou - Rigani LP	Exploitation of wind energy park	Greece	2015-2020	100.00%	-
49.	Aioliko Parko Josharton - Rodopi 2 E.E.	Exploitation of wind energy park	Greece	2015-2020	100.00%	-
50.	Thriasio Logistics Center S.A.	Logistic Center	Greece	2018-2020	52.00%	-
51.	Ianos Properties Single Member S.A.	Property management	Greece	2015-2020	100.00%	-
52.	Lykourgos Properties Single Member S.A.	Property management	Greece	2015-2020	100.00%	-
53.	Thesis Hermes Single Member S.A.	Property management	Greece	-	100.00%	-
54.	Thesis Agra Single Member S.A.	Property management	Greece	-	100.00%	-
55.	Thesis Cargo Single Member S.A.	Property management	Greece	-	100.00%	-
56.	Thesis Schisto Single Member S.A.	Property management	Greece	-	100.00%	-
57.	Thesis Stone Single Member S.A.	Property management	Greece	-	100.00%	-
58.	IMITHEA Single Member S.A. [2]	Organization, operation and management of hospital units	Greece	2015-2020	100.00%	-
59.	Tirana Leasing Sh.A.	Finance leases	Albania	2018-2020	100.00%	-
60.	Cielo Consultancy Sh.P.K.	Real estate SPV	Albania	2014-2020	99.09%	-
61.	Beta Asset Management EOOD	Rent and management of real estate	Bulgaria	2013-2020	100.00%	-
62.	Bulfina E.A.D.	Property management	Bulgaria	2008-2020	100.00%	-
63.	Bulfinace E.A.D.	Property Management	Bulgaria	2008-2020	100.00%	-
64.	Delta Asset Management EOOD	Real Estate Development	Bulgaria	-	100.00%	-
65.	Varna Asset Management EOOD	Real estate development	Bulgaria	2014-2020	100.00%	-
66.	Asset Management Bulgaria EOOD	Travel - rental services and property management	Bulgaria	2012-2020	100.00%	-
67.	Besticar Bulgaria EOOD	Receivables collection	Bulgaria	2012-2020	100.00%	-
68.	Besticar EOOD	Receivables collection from problematic clients	Bulgaria	2012-2020	100.00%	-
69.	Emerald Investments EOOD	Property management	Bulgaria	2018-2020	100.00%	-
70.	Piraeus Nedvizhimi Imoti EOOD	Real Estate Development	Bulgaria	-	100.00%	-
71.	Arigeo Energy Holdings Ltd	Holding company in renewable energy	Cyprus	2015-2020	100.00%	-
72.	Euroinvestment & Finance Public Ltd	Asset management, real estate operations	Cyprus	2018-2020	90.85%	2.21%
73.	Piraeus Clean Energy Holdings Ltd	Holding Company	Cyprus	2015-2020	100.00%	-
74.	Piraeus Equity Partners Ltd	Holding company	Cyprus	2015-2020	100.00%	-

a/a	Name of Company	Activity	Country	Unaudited tax years (1)	Group	Company
					% holding	% holding
75.	Piraeus Renewable Investments Limited	Holding company	Cyprus	2017-2020	100.00%	-
76.	PRI WIND I Limited	Holding company	Cyprus	2017-2020	100.00%	-
77.	PRI WIND II Limited	Holding company	Cyprus	2017-2020	100.00%	-
78.	PRI WIND III Limited	Holding company	Cyprus	2017-2020	100.00%	-
79.	R.E. Anodus Two Ltd	Holding and investment company	Cyprus	2013-2020	99.09%	-
80.	Tellurion Ltd	Holding company	Cyprus	2013-2020	100.00%	-
81.	Tellurion Two Ltd	Holding company	Cyprus	2013-2020	99.09%	-
82.	Trieris Two Real Estate LTD	Holding, Investment and Real Estate Portfolio Management	Cyprus	2011-2020	100.00%	-
83.	Zibeno Investments Ltd	Holding Company	Cyprus	2015-2020	100.00%	-
84.	O.F. Investments Ltd	Investment company	Cyprus	2015-2020	100.00%	-
85.	R.E. Anodus Ltd	Consultancy services for real estate development and investments	Cyprus	2009-2020	100.00%	-
86.	Lakkos Mikelli Real Estate Ltd	Property management	Cyprus	2018-2020	50.66%	-
87.	Philoktimatiki Public Ltd	Land and property development	Cyprus	2018-2020	53.29%	-
88.	Sunholdings Properties Company Ltd	Land and property development	Cyprus	2018-2020	26.65%	-
89.	Philoktimatiki Ergoliptiki Ltd	Construction company	Cyprus	2018-2020	53.29%	-
90.	WH South Wind Hellas Ltd	Holding of investments in Renewable Energy Sector in Greece	Cyprus	2017-2020	100.00%	-
91.	Emadierio Solar Energy & Investments Ltd	The exploitation of wind energy park in Greece	Cyprus	2017-2020	100.00%	-
92.	Josharton Ltd	Holding of investments.	Cyprus	2017-2020	100.00%	-
93.	Phoenix Vega Mezz Ltd	To acquire and to hold and administer bonds issued in the scope of securitization of receivables	Cyprus	-	100.00%	100.00%
94.	JSC Piraeus Bank ICB	Banking activities	Ukraine	-	99.99%	99.99%
95.	Akinita Ukraine LLC	Real estate development	Ukraine	2014-2020	100.00%	-
96.	Sinitem LLC	Sale and purchase of real estate	Ukraine	2013-2020	99.94%	-
97.	Solum Enterprise LLC	Property management	Ukraine	2012-2020	99.94%	-
98.	Solum Limited Liability Company	Property management	Ukraine	2018-2020	99.94%	-
99.	Piraeus Leasing Romania S.A.	Monitoring and collection services for loans disbursed by the company	Romania	2003-2020	100.00%	-
100.	Daphne Real Estate Consultancy SRL	Real estate development	Romania	2014-2020	99.09%	-
101.	Priam Business Consultancy SRL	Real estate development	Romania	2014-2020	99.18%	-
102.	Proiect Season Residence SRL	Real estate development	Romania	2018-2020	100.00%	-
103.	R.E. Anodus SRL	Real Estate development	Romania	2013-2020	99.09%	-
104.	Rhesus Development Projects SRL	Real estate development	Romania	2014-2020	99.09%	-
105.	Piraeus Rent Doo Beograd	Operating Leases	Serbia	2007-2020	100.00%	-
106.	Piraeus Real Estate Egypt LLC	Property management	Egypt	2011-2020	100.00%	-

a/a	Name of Company	Activity	Country	Unaudited tax years (1)	Group	Company
					% holding	% holding
107.	Trieris Real Estate Management Ltd	Management of Trieris Real Estate Ltd	British Virgin Islands	-	100.00%	-
108.	Piraeus Group Capital Ltd	Debt securities' issuance	United Kingdom	2020	100.00%	100.00%
109.	Piraeus Group Finance PLC	Debt securities' issuance	United Kingdom	2020	100.00%	-
110.	Axia Finance III PLC	SPE for securitization of corporate loans	United Kingdom	-	-	-
111.	Axia Finance PLC	SPE for securitization of corporate loans	United Kingdom	-	-	-
112.	Axia III APC LIMITED	SPE for securitization of corporate loans	United Kingdom	-	-	-
113.	Estia Mortgage Finance PLC	SPE for securitization of mortgage loans	United Kingdom	-	-	-
114.	Estia Mortgage Finance II PLC	SPE for securitization of mortgage loans	United Kingdom	-	-	-
115.	Kion Mortgage Finance PLC	SPE for securitization of mortgage loans	United Kingdom	-	-	-
116.	Praxis I Finance PLC	SPE for securitization of consumer loans	United Kingdom	-	-	-
117.	Praxis II APC LIMITED	SPE for securitization of consumer loans	United Kingdom	-	-	-
118.	Praxis II Finance PLC	SPE for securitization of consumer loans	United Kingdom	-	-	-
119.	Piraeus SNF DAC	SPE for securitization of corporate, mortgage and consumer loans	Ireland	-	-	-
120.	Sunrise I NPL Finance DAC	SPE for securitization of corporate loans	Ireland	-	-	-

Note [1]: In accordance with the Ministerial Decision 1208/20.12.2017 of the Independent Public Revenue Authority, for the entities domiciled in Greece and in the event that no notification of a tax audit was communicated to the entities by the local tax authorities, their tax position is considered as final after the fifth year following the end of each fiscal year.

Note [2]: Classified as a discontinued operation (see Note 8).

The subsidiaries duly numbered 110 - 120 are special purpose vehicles for securitization of loans and advances to customers and issuance of debt securities. The subsidiary duly numbered 88 although presenting less than 50.00% Group΄s shareholding, is included in the Group's subsidiaries' portfolio due to majority presence in the Board of Directors of the company.

Furthermore, as at 30 June 2021 the subsidiaries duly numbered 11, 15, 17, 30, 36-37, 59, 101, 104 and 110-118 were under liquidation.

The following subsidiaries, that in aggregate are immaterial to the Group's financial position and results of operations, are not consolidated but recognised at cost: a) "Hellenic Information Systems HIS S.A.", b) "The Museum Ltd.", c) "Axia III Holdings Ltd.", d) "Praxis II Holdings Ltd." and e) "Kion Holdings Ltd.". The consolidation of the above mentioned companies would not have a significant effect on the Interim Financial Statements since the sum of their total net income, total equity and total assets comprises less than 0.01% of the Group's respective balances, based on their most recent financial statements.

The movement of the Company's investments in subsidiaries during the first semester of 2021 is provided below:

	Company
	30/6/2021
Opening balance	4,881
Subscription of Piraeus Bank's share capital increase (Note 28)	1,566
Subscription of AT 1 capital instrument issued by Piraeus Bank (Note 28)	595
Impairment charge	(1,597)
Closing balance	**5,445**

A.1 Impairment test of the Company's investment in Piraeus Bank as of 30 June 2021

The Company assessed whether any impairment indication exists with regard to its investment in Piraeus Bank and concluded that it is impaired, taking into account that: a) the intragroup distribution in kind of 95% of the subordinated notes issued by Sunrise I NPL Finance DAC to the Company was completed on 26 July 2021 (refer to Note 28); and b) the Company's carrying amount of its investment in the Bank is higher than the Bank's consolidated net assets post intragroup distribution.

The impairment test was performed by comparing the recoverable amount of the investment, determined on a value in use basis, with its carrying amount. The discounted cash flows were prepared based on the latest business plan approved by Management, assuming a pre-tax discount rate of 11.5% and long-term growth rate of 2%. Based on the outcome of the impairment test, the carrying amount of the investment was written down by € 1,597 million to € 5,410 million. The consolidated financial statements of the Group are not affected by the said write-down.

A.2 Financial information related to Piraeus Bank S.A as of 30 June 2021

The tables below present the consolidated and separate Interim Income Statement and Interim Statement of Financial Position of the main subsidiary of the Group, Piraeus Bank S.A.:

Interim Income Statement

€ Million	Group 6 month period ended 30/6/2021	Bank 6 month period ended 30/6/2021
CONTINUING OPERATIONS		
Interest and similar income	889	888
Interest expense and similar charges	(187)	(187)
NET INTEREST INCOME	**702**	**701**
Fee and commission income	195	181
Fee and commission expense	(40)	(36)
NET FEE AND COMMISSION INCOME	**155**	**146**
Dividend income	1	8
Net gain/ (losses) from financial instruments measured at FVTPL	163	164
Net gain/ (losses) from financial instruments measured at FVTOCI	79	79
Net gain/ (losses) from derecognition of financial instruments measured at amortised cost	320	320
Net other income/ (expenses)	27	13
TOTAL NET INCOME	**1,446**	**1,430**
Staff costs	(229)	(219)
Administrative expenses	(197)	(185)
Depreciation and amortisation	(55)	(53)
TOTAL OPERATING EXPENSES BEFORE PROVISIONS	**(480)**	**(457)**
PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX	**966**	**973**
ECL impairment losses on loans and advances to customers at amortised cost	(258)	(266)
Impairment (losses)/releases on other assets	(5)	(3)
ECL impairment (losses)/ releases on debt securities measured at FVTOCI	(10)	(10)
Impairment on subsidiaries and associates	(23)	(28)
Impairment of property and equipment and intangible assets	(2)	(2)
Impairment on debt securities at amortised cost	(19)	(19)
Other provision (charges) / releases	5	5
Share of loss of associates and joint ventures	(7)	-
PROFIT/ (LOSS) BEFORE INCOME TAX	**647**	**649**
Income tax benefit/ (expense)	(108)	(102)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	**539**	**547**
DISCONTINUED OPERATIONS		
Profit/ (loss) after income tax from discontinued operations	(2)	-
PROFIT/ (LOSS) FOR THE PERIOD	**537**	**547**
From continuing operations		
Profit/ (loss) attributable to equity holders of the parent	538	-
Non controlling interest	1	-
From discontinued operations		
Profit/ (loss) attributable to equity holders of the parent	(2)	-
Non controlling interest	-	-

Interim Statement of Financial Position

€ Million	Group		Bank	
	30/6/2021	31/12/2020	30/6/2021	31/12/2020
ASSETS				
Cash and balances with Central Banks	12,518	8,886	12,517	8,885
Due from banks	1,361	1,213	1,312	1,176
Financial assets at FVTPL	726	353	711	341
Financial assets mandatorily measured at FVTPL	146	136	146	135
Derivative financial instruments	581	507	581	507
Reverse repos with customers	-	8	-	8
Loans and advances to customers at amortised cost	33,083	38,115	33,820	38,845
Loans and advances to customers mandatorily measured at FVTPL	50	57	50	57
Financial assets measured at FVTOCI	2,658	2,882	2,658	2,882
Debt securities at amortised cost	8,623	4,964	8,623	4,964
Assets held for sale	212	181	209	178
Assets held for distribution	3,793	-	3,793	-
Investment property	1,137	1,119	450	440
Investments in subsidiaries	-	-	595	591
Investments in associated undertakings and joint ventures	235	268	226	252
Property and equipment	957	990	897	931
Intangible assets	280	279	241	240
Current tax assets	161	154	160	153
Deferred tax assets	6,226	6,285	6,194	6,250
Other assets	3,284	3,316	2,952	2,965
Assets from discontinued operations	116	112	-	-
TOTAL ASSETS	**76,148**	**69,825**	**76,136**	**69,801**
LIABILITIES				
Due to banks	13,781	11,366	13,756	11,340
Due to customers	51,196	50,007	51,576	50,351
Derivative financial instruments	457	460	457	460
Debt securities in issue	471	471	471	471
Other borrowed funds	742	721	742	721
Current income tax liabilities	5	3	-	-
Deferred tax liabilities	31	30	-	-
Retirement and termination benefit obligations	119	142	114	137
Provisions	232	201	224	194
Other liabilities	1,205	1,182	1,043	1,042
Liabilities from discontinued operations	32	31	-	-
TOTAL LIABILITIES	**68,269**	**64,614**	**68,382**	**64,715**
EQUITY				
Share capital	5,402	5,400	5,402	5,400
Share premium	1,565	-	1,565	-
Other equity instruments	600		600	
Less: Treasury shares	-	-	-	-
Other reserves and retained earnings	202	(295)	187	(314)
Capital and reserves attributable to equity holders of the parent	**7,769**	**5,105**	**7,754**	**5,086**
Non controlling interest	110	106	-	-
TOTAL EQUITY	**7,879**	**5,211**	**7,754**	**5,086**
TOTAL LIABILITIES AND EQUITY	**76,148**	**69,825**	**76,136**	**69,801**

B. Associates and joint ventures (equity accounting method)

B.1 Associates

The Group's associates are the following:

s/n	Name of Company	Activity	Country	Unaudited tax years [1]	Group % Holding	Company % Holding
1.	Piraeus - TANEO Capital Fund	Close end Venture capital fund	Greece	-	50.01%	-
2.	PJ Tech Catalyst Fund	Close end Venture capital fund	Greece	-	30.00%	-
3.	APE Commercial Property Real Estate Tourist and Development S.A.	Holding company	Greece	2015-2020	27.80%	-
4.	Marfin Investment Group Holdings S.A.	Holding company	Greece	2015-2020	31.19%	-
5.	Omicron Cyclos Ena Symmetohiki S.A.	Holding company	Greece	2015-2020	28.10%	-
6.	APE Fixed Assets Real Estate Tourist and Development S.A.	Real estate, development/ tourist services	Greece	2015-2020	27.80%	-
7.	APE Investment Property S.A.	Real estate, development/ tourist services	Greece	2015-2020	28.92%	-
8.	Olganos Real Estate S.A.	Property management/Electricity production from renewable energy resources	Greece	2015-2020	32.27%	-
9.	Pyrrichos S.A.	Property management	Greece	2015-2020	50.77%	-
10.	Exodus S.A.	Information technology & software	Greece	2015-2020	49.90%	-
11.	Evros' Development Company S.A.	European community programs management	Greece	2015-2020	30.00%	-
12.	Gaia S.A.	Software services	Greece	2017-2020	26.00%	-
13.	Crete Scient. & Tech. Park Manag. & Dev. Co. S.A.	Scientific and technology park management	Greece	2015-2020	30.45%	-
14.	Intrum Hellas REO Solutions S.A.	Real Estate	Greece	2019-2020	19.96%	-
15.	Intrum Hellas Credit Servicing S.A.	Credit and Loan Servising	Greece	2019-2020	20.00%	-
16.	Teiresias S.A.	Interbanking company of development, operation and management of information systems	Greece	2015-2020	23.53%	-
17.	Trastor Real Estate Investment Company	Real estate investment property	Greece	2015-2020	44.77%	-
18.	Pireaus Direct Services S.A.	Support & e-commerce services, trade of time renewal cards	Greece	2015-2020	49.90%	-
19.	Inofita Asopos Business Park Development Company S.A.	Business Park Development	Greece	-	31.36%	-
20.	ANEK Lines S.A.	Maritime transport - Coastal shipping	Greece	2018-2020	27.68%	-
21.	Perigenis Business Properties S.A.	Property management	Greece	-	20.61%	-
22.	Neuropublic S.A.	Development and management of information sustems	Greece	-	5.00%	-

s/n	Name of Company	Activity	Country	Unaudited tax years (1)	Group % Holding	Company % Holding
23.	Trieris Real Estate Ltd	Property management	British Virgin Islands	2018-2020	32.35%	-
24.	Exus Software Ltd	IT products retailer	United Kingdom	2020	49.90%	-

Note [1]: In accordance with the Ministerial Decision 1208/20.12.2017 of the Independent Public Revenue Authority, for the entities domiciled in Greece and in the event that no notification of a tax audit was communicated to the entities by the local tax authorities, their tax position is considered as final after the fifth year following the end of each fiscal year.

The Group exercises significant influence but does not control any of the companies listed above. This holds even for the companies dully numbered 1 and 9, where the Group's shareholding and voting rights exceed 50%.

The associate NGP Plastic S.A., that is immaterial to the Group's financial position and results of operations, is not consolidated but recognised at cost. This non-significant associate accounted for less than 0.19% of Group total net income, less than 0.04% of Group total equity and less than 0.03% of Group total assets, based on the most recent financial statements obtained.

B.2 Joint ventures

The Group's joint ventures are the following:

s/n	Name of Company	Activity	Country	Unaudited tax years (1)	Group % Holding	Company % Holding
1.	AEP Elaiona S.A.	Property management	Greece	2015-2020	50.00%	-
2.	Peirga Kythnou P.C.	Real estate	Greece	-	50.00%	-
3.	Sunrise I Real Estate Single Member S.A.	Property management	Greece	-	100.00%	-

Note [1]: In accordance with the Ministerial Decision 1208/20.12.2017 of the Independent Public Revenue Authority, for the entities domiciled in Greece and in the event that no notification of a tax audit was communicated to the entities by the local tax authorities, their tax position is considered as final after the fifth year following the end of each fiscal year.

Refer to Note 28 for an analysis of significant changes in the portfolio of consolidated companies.

19 Current tax assets

	Group		Company	
	30/6/2021	31/12/2020	30/6/2021	31/12/2020
Current tax assets	225	229	10	22
Accumulated impairment of current tax assets	(53)	(53)	-	0
Net amount of current tax assets	172	176	10	22

Net current tax assets for the Group as at 30 June 2021 amounted to € 172 million (31 December 2020: € 176 million), of which € 160 million and € 10 million are attributable to Piraeus Bank and the Company, respectively.

The Bank's current income tax assets comprise the following:

a) Receivables from withholding taxes on interest of bonds and treasury bills of € 73 million relating to financial years 2009, 2011, 2012 and 2013 (tax years 2008, 2010, 2011 and 2012). Under the provisions of Greek Law 4605 (article 93, par.1 and 2), as published at Gazette A' 52 on 1 April 2019, an amendment was introduced into the Greek Corporate Income Tax legislation, clarifying the status of the aforementioned withholding tax receivables of Piraeus Bank S.A., as follows:

- Withholding taxes of € 26 million, in accordance with the provisions of para. 8 of article 12 of Greek Law 2238/1994, for the financial year 2013 (tax year 2012) 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. In addition, an amount of € 7 million, withheld on the same basis, for the financial year 2010 (tax year 2009) is claimed from the Greek State; and

- Withholding taxes of € 39 million, which are subject to the provisions of para. 6 of article 3 of Greek Law 4046/2012 and not offset within five (5) years, are offset with any tax liabilities of Piraeus Bank S.A., in equal instalments within 10 years, starting from 1 January 2020.

b) Withholding taxes of € 52 million deriving from interest income earned on Greek Government treasury bills, which were withheld after 1 January 2013; such tax receivables are offset against income tax available in the next five (5) financial years from the financial year in which the income tax was withheld. Upon completion of the five-year period, any remaining withholding tax is being offset against current tax liabilities.

c) Withholding taxes of € 30 million derived from corporate bonds, which are refundable by the Greek State.

d) Various other tax claims of € 5 million.

20 Due to banks

"Due to Banks" line item mainly includes funding liabilities of Piraeus Bank S.A. due to the ECB of € 13,403 million, securities sold under agreements to repurchase of € 80 million and other placements with credit institutions of € 119 million (31 December 2020: € 10,978 million, € 96 million and € 96 million, respectively). In June 2021 the Bank received additional funding of € 2,500 million through TLTRO III program and as a result the total borrowing amounted to € 13,500 million as at 30 June 2021 (31 December 2020: € 11,000 million). During the period ended 30 June 2021, the revenue recorded in Net Interest Income, amounting to € 75 million, was accrued at a rate of -1% (refer to Note 6).

21 Due to customers

	Group	
	30/6/2021	31/12/2020
Corporate		
Current and sight deposits	11,335	10,012
Term deposits	2,189	2,686
Blocked deposits, guarantee deposits and other accounts	340	323
Total (A)	**13,864**	**13,021**
Retail		
Current and sight deposits	5,726	5,135
Savings accounts	21,945	20,243
Term deposits	9,584	11,159
Blocked deposits, guarantee deposits and other accounts	40	43
Total (B)	**37,294**	**36,580**
Cheques payable and remittances (C)	**57**	**35**
Total Due to customers (A)+(B)+(C)	**51,215**	**49,636**

22 Debt securities in issue

		Group		Company	
	Weighted Interest Rate (%)	30/6/2021	31/12/2020	30/6/2021	31/12/2020
Residential and Commercial NPL Securitization		-	-	-	2,383
Covered Bonds - floating rate - Series 4	3m Euribor + 250bp	471	471	-	-
Total debt securities in issue		**471**	**471**	**-**	**2,383**

In June 2021, upon completion of the sale of 30% of the Class B notes and 50% plus 1 of the Class C notes to Intrum AB, the Company derecognised the financial liabities of the Phoenix and Vega securitization SPVs, i.e. 100% of the senior notes and 5% of the subordinated notes.

The financial terms of the debt securities held by third parties as of the end of the reporting period, are as follows:

Issuer	Description	Underlying Loan Type	Issue Date	Maturity Date	Currency	Weighted Interest Rate on Total Outstanding Amount/ Coupon Frequency	Nominal value	Outstanding nominal amount	Redem-ptions	Nominal amount own held by the Bank	Nominal amount held by third parties	Carrying value	Weighted Interest Rate on 3rd Parties
30/6/2021													
Covered Bonds													
Piraeus Bank S.A.	Floating rate covered bond series 4	Mortgage loans	31-Oct-17	31-Oct-22	EUR	3m Euribor + 250bp/ Quarterly	500	500	-	30	470	470	3m Euribor + 250bp

Issuer	Description	Underlying Loan Type	Issue Date	Maturity Date	Currency	Weighted Interest Rate on Total Outstanding Amount/ Coupon Frequency	Nominal value	Outstanding nominal amount	Redempti ons	Nominal amount own held by the Bank	Nominal amount held by third parties	Carrying value	Weighted Interest Rate on 3rd Parties
31/12/2020													
Covered Bonds													
Piraeus Bank S.A.	Floating rate covered bond series 4	Mortgage loans	31-Oct-17	31-Oct-22	EUR	3m Euribor + 250bp/ Quarterly	500	500	-	30	470	471	3m Euribor + 250bp

The following table includes the financial terms of debt securities retained by the Group and the Company as of the end of the reporting period:

Issuer	Description	Underlying Loan Type	Issue Date	Maturity Date	Currency	Weighted Interest Rate/ Coupon Frequency	Nominal value	Outstanding nominal amount	Redemptions	Cancellations
30/6/2021										
Covered Bonds										
Piraeus Bank S.A.	Floating rate covered bond Series 3	Mortgage loans	16-Feb-17	16-Nov-21	EUR	1m Euribor + 150bp / Monthly	1,000	500	-	500
Piraeus Bank S.A.	Floating rate covered bond Series 5	Mortgage loans	20-Nov-17	20-Nov-22	EUR	3m Euribor + 150bp / Quarterly	1,000	500	-	500
Piraeus Bank S.A.	Floating rate covered bond Series 6	Mortgage loans	31-Jan-18	31-Jan-23	EUR	3m Euribor + 150bp / Quarterly	1,000	500	-	500
Piraeus Bank S.A.	Floating rate covered bond Series 7	Mortgage loans	11-May-18	11-Feb-22	EUR	3m Euribor + 150bp / Quarterly	1,000	1,000	-	-

Issuer	Description	Underlying Loan Type	Issue Date	Maturity Date	Currency	Weighted Interest Rate/ Coupon Frequency	Nominal value	Outstanding nominal amount	Redemptions	Cancellations
31/12/2020										
Covered Bonds										
Piraeus Bank S.A.	Floating rate covered bond Series 3	Mortgage loans	16-Feb-17	16-Nov-21	EUR	1m Euribor + 150bp / Monthly	1,000	500	-	500
Piraeus Bank S.A.	Floating rate covered bond Series 5	Mortgage loans	20-Nov-17	20-Nov-22	EUR	3m Euribor + 150bp / Quarterly	1,000	500	-	500
Piraeus Bank S.A.	Floating rate covered bond Series 6	Mortgage loans	31-Jan-18	31-Jan-23	EUR	3m Euribor + 150bp / Quarterly	1,000	1,000	-	-
Piraeus Bank S.A.	Floating rate covered bond Series 7	Mortgage loans	11-May-18	11-Feb-22	EUR	3m Euribor + 150bp / Quarterly	1,000	1,000	-	-

On 25 June 2021, Piraeus Bank S.A. completed the partial cancellation by € 500 million, of its fully retained covered bond Series 6 (due Jan 2023).

As at 30 June 2021 and 31 December 2020 the carrying amount of loans and advances to customers at amortised cost, that have been pledged as collateral in the covered bonds programme is € 4,437 million and € 4,621 million, respectively.

23 Other borrowed funds

During the period ended 30 June 2021, the Group and the Company did not proceed with any repurchases of other borrowed funds.

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

24.1 Legal proceedings

The Group and the Company 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 legal counsels, the ultimate disposition of these matters is not expected to have a material adverse effect on the Interim Financial Statements. As at 30 June 2021, the Group and the Company provided for cases under litigation an amount of €28 million and € 0 million, respectively (31 December 2020: €30 million and €0 million for the Group and the Company, respectively) which represents Management’s best estimate on the probable loss to be incurred upon finalization of these pending legal cases.

24.2 Pending tax audits

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

For the years 2011 - 2016, tax audits were required for the Company 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 Company and the Group's Greek subsidiaries to continue being tax audited by the 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, as currently in force.

Fiscal years 2011 and 2012 have been tax audited by PricewaterhouseCoopers S.A., in accordance with article 82 par.5 of Greek Law 2238/1994 and the tax audit certificates issued were unqualified.

The tax audit of fiscal year 2013 has been completed by PricewaterhouseCoopers S.A. and a relevant 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 country members of the European Union according to which the above-mentioned transactions are not subject to tax, has been issued and submitted to the Ministry of Finance.

Fiscal years 2014, 2015 and 2016 have been tax audited by PricewaterhouseCoopers S.A and the tax audit certificates issued were unqualified. The fiscal years 2017, 2018 and 2019 were tax audited by Deloitte Certified Public Accountants S.A. and the tax audit certificates issued were unqualified.

In regards to the Group’s Greek subsidiaries, for which Management elected to conduct a tax audit in accordance with article 65a of Greek Law 4174/2013, the respective tax audits for fiscal year 2019 have been completed and the relevant tax audit certificates have been issued. Fiscal year 2020 of the Company and its Greek subsidiaries is currently being tax audited by Deloitte Certified Public Accountants S.A. and the final outcome of the tax audits is not expected to have a material effect on the Interim Financial Statements.

The unaudited tax years of the Group's subsidiaries, associates and joint ventures, are included in Note 18 and therefore their tax liabilities for these years have not been finalized. The tax authorities have not yet audited the Group’s subsidiaries for all fiscal years and consequently their tax positions for those years may not be considered as final.

Additional taxes and penalties may be imposed, for the unaudited years, however, the Interim Financial Statements are not expected to be materially affected in this respect.

24.3 Credit commitments

In the normal course of business, the Group and the Company enter into contractual credit commitments towards their customers to facilitate their financing needs or obligations. Due to their nature, credit commitments are treated as off-balance sheet items. These credit commitments comprise 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. Credit risk on the aforementioned commitments is measured by applying the same Credit Policy, approval process and monitoring procedures to those applied on loans and advances to customers at amortised cost.

As at 30 June 2021 and 31 December 2020, the Group and the Company had undertaken the following credit commitments:

	Group		Company	
	30/6/2021	31/12/2020	30/6/2021	31/12/2020
Financial guarantees	3,401	3,314	-	-
Letters of credit	45	40	-	-
Irrevocable undrawn credit commitments	945	728	-	7
Total commitments	**4,391**	**4,082**	**-**	**7**

The irrevocable undrawn committed credit facilities are included in the Risk Weighted Assets ("RWA") calculation for capital adequacy purposes under regulatory rules currently in force.

The ECL allowance on credit commitments as at 30 June 2021 amounted to € 112 million and € 0 million for the Group and the Company, respectively (31 December 2020: € 118 million and € 0 million for the Group and the Company respectively) and is included within balance sheet line item "other provisions".

24.4 Assets pledged

	Group		Company	
	30/6/2021	31/12/2020	30/6/2021	31/12/2020
Due from banks	1,035	874	-	-
Financial assets at fair value through profit or loss	691	291	-	-
Loans and advances to customers	4,840	4,930	-	-
Financial assets at FVTOCI	1,985	2,102	-	-
Debt securities at amortised cost	8,428	4,900	-	-
Other assets	29	29	-	-
	17,008	**13,126**	**-**	**-**

The aforementioned financial assets are mainly pledged either for drawing liquidity from the Eurosystem, under the general terms applying to such agreements, or for margins with regards to a) derivative transactions engaged under ISDA master netting agreements and CSA contracts and b) repo transactions covered by GMRA (Global Master Repurchase Agreement) contracts.

In the context of interbank repurchase agreement (repo) transactions, securities of total nominal value € 65 million for the Group (31 December 2020: € 84 million for both the Group and the Company) are used for liquidity purposes. The said amount includes GGBs of nominal value € 65 million for the Group (31 December 2020: € 84 million for both the Group and the Company).

In addition to the above, as at 30 June 2021 and 31 December 2020, the subsidiary of the Group, Piraeus Bank had pledged an amount of € 168 million with respect to written guarantee for the non-payment risk of the Greek State, included within balance sheet line item "due from banks".

25 Share capital and other equity instruments

25.1 Share capital

	Number of shares		
	Company		Group
	Issued shares	Treasury shares	Net number of shares
Opening balance at 1/1/2020	**436,659,164**	**(162,022)**	**436,497,142**
Purchases of treasury shares	-	(5,329,090)	(5,329,090)
Sales of treasury shares	-	4,935,791	4,935,791
Balance at 31/12/2020	**436,659,164**	**(555,321)**	**436,103,843**
Opening balance at 1/1/2021	**436,659,164**	**(555,321)**	**436,103,843**
Increase in the number of ordinary shares due to conversion of CoCos	394,400,000	-	394,400,000
Decrease in the number of ordinary shares due to reverse split (16.5:1)	(780,691,941)	-	(780,691,942)
Increase in the number of ordinary shares due to issuance of new shares	1,200,000,000	-	1,200,000,000
Purchases of treasury shares	-	(3,881,286)	(3,881,286)
Sales of treasury shares	-	3,465,323	3,465,323
Balance at 30/6/2021	**1,250,367,223**	**(971,284)**	**1,249,395,938**

The Company's share capital as at 31 December 2020 amounted to € 2,620 million divided into 436,659,164 ordinary registered shares with a par value of € 6.00 each.

In November 2020, the Company's Board of Directors, following the final decision of the Governing Council of the ECB not to approve the Company's request to pay in cash to the HFSF the annual coupon of the CoCos for 2020, decided to exercise its discretion under the terms of the CoCos' Bond Issuance Programme dated 2 December 2015 (the "Bond Issuance Programme") and cancel the CoCos' interest payment on 2 December 2020. Since a similar event had occurred in 2018, the CoCos were automatically converted into ordinary registered shares of the Company, as per the Bond Issuance Programme terms and the current legal framework.

The Company notified the HFSF that 4 January 2021 would be set as the conversion date, in accordance with the Bond Issuance Programme and Cabinet Act 36/2015. At the date of conversion, the CoCos were automatically converted into ordinary shares of the Company, with the issuance of 394,400,000 new shares (hereinafter the "New Shares"). The number of New Shares was predetermined and resulted from dividing 116% of the CoCos' total nominal value of € 2,040 million by the Conversion Price, i.e. € 6.00.

The New Shares, after completion of their listing on the Athens Stock Exchange, were credited to the Investor and Securities Accounts of the HFSF in the Dematerialized Securities System (D.S.S.), increasing the HFSF's stake in the share capital of the Company from 26.4% as at 31 December 2020 to 61.3% as at 4 January 2021.

The financial position of the Group and the Company was not affected by the conversion of the CoCos to ordinary shares, which was reflected as a reclassification within equity, except for the associated share capital increase costs of € 27 million. The increase of € 2,366 million in share capital was combined with a decrease in retained earnings by € 326 million and derecognition of the CoCos reserve of € 2,040 million.

On 7 April 2021, the Extraordinary General Meeting of the Company's shareholders ("EGM") approved a) the reverse split of the common registered shares at a ratio of 16.5 existing shares of € 6.00 per share to be exchanged for 1 new common registered voting share of € 99.00 per share and the reduction of the total number of existing common registered shares of the Company from 831,059,164 shares to 50,367,223; b) the capitalization of € 93.00 from the share premium reserve in order to achieve an integer number of new shares in the context of the aforementioned reverse split; and c) the reduction of the Company's share capital by € 4,936 million through decrease in par value from € 99.00 per share to € 1.00 per share without altering the total number of common registered shares of the Company, and formation of a special reserve under article 31 par. 2 of Law 4548/2018.

On 16 April 2021, the Company's Board of Directors approved, following authorization granted by virtue of the EGM resolution, the increase of the Company's share capital by €1,200 million with the issuance of up to 1,200 million new shares with an offering price ranging between a minimum of €1.00 and a maximum of €1.15, through payment in cash and the disapplication of the preemption rights of the existing shareholders of the Company. The share capital increase was completed on 29 April 2021. The net proceeds raised approximated €1,301 million (i.e. gross proceeds of €1,380 million less share capital expenses of approximately € 79 million). The trading of the new shares on the Main Market of the Athens Stock Exchange commenced on 7 May 2021. Following the above, HFSF's shareholding decreased from 61.3% to 27.0% as of 30 June 2021.

Following the above, the share capital of the Company as at 30 June 2021 amounts to € 1,250 million and is divided into 1,250,367,223 common registered shares, of a par value € 1.00 each.

The AGM approved a share capital reduction in kind of € 63 million by decreasing the par value of each ordinary registered share of the Company by € 0.05 and distributing to its shareholders the entirety of shares issued by the Cypriot subsidiary "Phoenix Vega Mezz Ltd" and owned by the Company, of an equivalent value. The number of shares to be distributed is 1,250,367,223 and the par value of each share is € 0.05. The distribution in kind is expected to be completed in August 2021.

Following the above decrease, the share capital of the Company will amount to € 1,188 million divided into 1,250,367,223 common registered voting shares with a par value of € 0.95 each.

25.2 Other equity instruments

On 16 June 2021, the Company issued € 600 million fixed rate reset Additional Tier 1 perpetual contingent temporary write-down notes carrying a coupon of 8.75% payable semi-annually in arrears (the "AT1 Capital Instrument"). The instrument is callable at par at the full discretion of the Company from 16 June 2026 to 16 December 2026 and on any subsequent coupon payment date. On 16 December 2026 and every five years thereafter, the coupon resets to 9.195% plus the then prevailing 5-year mid swap rate. The Company has the right to cancel all or part of any payment of interest in its sole discretion at any time and the nominal amount of the AT1 Capital Instrument may be written down or cancelled if the Company or its Supervisory Authority determines that the CET1 ratio, as of any date, has fallen below 5.125%. The AT1 Capital Instrument was classified within equity in its entirety.

26 Other reserves and retained earnings

The breakdown of other reserves and retained earnings is provided below:

	Group		Company	
	30/6/2021	31/12/2020	30/6/2021	31/12/2020
Legal reserve	86	85	69	69
Reserve from financial assets measured at FVTOCI	179	281	-	-
Currency translation reserve	(56)	(59)	-	-
Other reserves	33	30	27	27
Total other reserves	**242**	**337**	**96**	**96**
Retained earnings	**(13,775)**	**(11,024)**	**(14,618)**	**(11,123)**
Other reserves and retained earning	**(13,533)**	**(10,687)**	**(14,521)**	**(11,027)**

The following table illustrates the movement of the reserve from financial assets measured at FVTOCI. The movement of other reserves and retained earnings is provided in the Interim Statement of Changes in Equity.

FVTOCI reserve movement	Group		Company	
	30/6/2021	31/12/2020	30/6/2021	31/12/2020
Opening balance	**281**	**236**	**-**	**236**
Gains/(losses) from the valuation of debt securities	(33)	95	-	95
Gains/(losses) from the valuation of shares	17	(16)	-	(16)
Impairment losses on debt securities	10	6	-	6
Recycling of valuation adjustments and accumulated impairments upon disposal	(141)	(2)	-	(2)
Transfer to retained earnings	-	(16)	-	(16)
Deferred income taxes	45	(22)	-	(22)
Contribution to the new credit institution	-	-	-	(281)
Closing balance	**179**	**281**	**-**	**-**

Line item "Recycling of valuation adjustments and accumulated impairments upon disposal" includes an amount of € 76 million which relates to GGBs disposals during the period ended 30 June 2021 and has been reflected in the Interim Income Statement under line "Net gain/ (losses) from financial instruments measured at fair value through other comprehensive income ("FVTOCI")".

27 Related party transactions

Related parties are:

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 Key Management Personnel,

c) Companies having transactions with Piraeus Financial Holdings S.A., if the total cumulative participating interest (of Key Management Personnel and their close family members) exceeds, cumulatively, 20%,

d) Company´s Subsidiaries,

e) Company´s Associates,

f) Company´s Joint ventures,

g) HFSF, which holds ordinary shares in the share capital of the Company and benefits from the special rights stated in article 10 of Greek Law 3864/2010, as amended and in force.

The Group enters into transactions with the aforementioned entities and individuals under usual market terms and within the normal course of business. Loans and advances granted to related parties and letters of guarantee issued in favor of related parties were made in accordance with the Group's approved credit policies and procedures in terms of interest rates, collaterals and non-payment risk.

27.1 Key Management Personnel and other related party

The table below presents the Group's and the Company's related party transactions with Key Management Personnel and the related parties referred to in points (b) and (c) above. No significant transactions occurred with the HFSF during the period ended 30 June 2021, other than the CoCos conversion and the HFSF's subscription in the share capital increase that was completed on 29 April 2021. Refer to Note 25.1 for further information on both events and the impact on HFSF's shareholding before and after each transaction.

Group	30/6/2021		31/12/2020	
(amounts in thousand €)	Key Management Personnel	Other related party	Key Management Personnel	Other related party
Loans and advances to customers at amortised cost (Gross carrying amount)	6,863	34	6,255	38
Due to customers	2,168	137	2,275	120

No transactions have occurred between the Company and Key Management Personnel and other related parties for any of the transaction types referred to in the table above.

Group	1/1 - 30/6/2021		1/1 - 30/6/2020	
(amounts in thousand €)	Key Management Personnel	Other related party	Key Management Personnel	Other related party
Income	14	7	10	4
Expense	-	-	4	-

Company (amounts in thousand €)	1/1 - 30/6/2021 Key Management Personnel	1/1 - 30/6/2021 Other related party	1/1 - 30/6/2020 Key Management Personnel	1/1 - 30/6/2020 Other related party
Income	-	-	10	4
Expense	-	-	4	-

Members of the Key Management Personnel benefits (amounts in thousand €)	Group 1/1 - 30/6/2021	Group 1/1 - 30/6/2020	Company 1/1 - 30/6/2021	Company 1/1 - 30/6/2020
Short-term benefits	2,819	2,527	97	2,141
Termination benefits	-	520	-	520
Contributions to the Institution for Occupational Retirement, Life and Medical Provision	40	-	2	-
Post-employment benefits	24	217	2	211

Short-term benefits of Key Management Personnel include wages, salaries, employees' share on social contributions and other charges, while "Post-employment benefits" includes the cost of post-employment benefit programmes.

The total provision for post-employment benefits to Key Management Personnel as at 30 June 2021 amounted to € 2 million for the Group and less than € 0.1 million for the Company (31 December 2020: € 2 million for the Group and less than € 0.1 million for the Company) and is included in the retirement and termination benefit obligations.

The ECL allowance for impairment on loans and advances to customers at amortised cost granted from the Group to Key Management Personnel and other related parties as at 30 June 2021 amounted to € 4 million (31 December 2020: € 4 million), while the respective balances for the Company are nil.

As of 30 June 2021, Key Management Personnel held 267 thousand ordinary shares of the Company, compared to 110 thousand as of 31 December 2020.

27.2 Subsidiaries

The Company's balances and transactions with subsidiaries are presented below:

(amounts in thousand €)	Company	
	30/6/2021	31/12/2020
Assets		
Due from Banks	50,950	424,865
Debt securities at amortised cost (Gross carrying amount)	741,555	721,354
Other assets	2,706	91,745
Total	**795,212**	**1,237,963**
Liabilities		
Debt securities in issue	-	2,383,017
Other liabilities	3,779	-
Total	**3,779**	**2,383,017**

(amounts in thousand €)	Company	
	1/1 - 30/6/2021	1/1 - 30/6/2020
Income		
Interest and similar income	42,871	26,214
Fee and commission income	-	6,389
Net other income/ (expenses)	(484)	675
Total	**42,387**	**33,277**
Expenses		
Interest expense and similar charges	(7,727)	(1,348)
Fee and commission expense	(67)	(37)
Net loss from financial instruments measured at FVTPL	(73,473)	-
Operating expenses	(300)	(9,744)
Total	**(81,567)**	**(11,129)**

27.3 Associates

The balances and transactions with associates are presented below:

(amounts in thousand €)	Group		Company	
	30/6/2021	31/12/2020	30/6/2021	31/12/2020
Loans and advances to customers at amortised cost (Gross carrying amount)	874,200	1,107,136	-	-
Other assets	3,964	6,787	-	-
Due to customers	124,136	127,489	-	-
Other liabilities	28,381	65,540	-	6,835

(amounts in thousand €)	Group		Company	
	1/1 - 30/6/2021	1/1 - 30/6/2020	1/1 - 30/6/2021	1/1 - 30/6/2020
Total expense and capital expenditure	(98,702)	(91,482)	(15,110)	(91,375)
Total income	22,733	24,313	-	22,328

The ECL allowance for impairment on loans and advances to customers granted from the Group to associates as at 30 June 2021 amounted to € 133 million (31 December 2020: € 183 million) while the respective balances for the Company are nil. The ECL measurement on loans and advances to customers at amortised cost for the period ended was immaterial.

Letters of guarantee to associates of the Group as at 30 June 2021 amounted to € 10 million (31 December 2020: € 11 million), while the respective balances for the Company are nil.

27.4 Joint ventures

The balances and transactions with joint ventures are presented below:

(amounts in thousand €)	Group		Company	
	30/6/2021	31/12/2020	30/6/2021	31/12/2020
Loans and advances to customers at amortised cost (Gross carrying amount)	54,123	53,793	-	-
Due to customers	27	27	-	-

(amounts in thousand €)	Group		Company	
	1/1 - 30/6/2021	1/1 - 30/6/2020	1/1 - 30/6/2021	1/1 - 30/6/2020
Total income	441	258	-	258

The ECL allowance for impairment on loans and advances to customers at amortised cost granted from the Group to joint ventures as at 30 June 2021 amounted to € 41 million (31 December 2020: € 41 million), while the respective balance for the Company is nil.

28 Changes in the portfolio of consolidated companies

a) New subsidiaries, associates and joint ventures recognised during the period:

On 12 April 2021, in the context of the Phoenix and Vega securitizations, the Company established in Cyprus the wholly owned entity "Phoenix Vega Mezz Ltd" and contributed in kind the entirety of its holding in the securitization notes of the Phoenix and Vega SPVs, i.e. 65% of the mezzanine and 45% of the junior tranches amounting to € 63 million. The AGM approved on 22 June 2021 distributing in kind to the Company's shareholders 100% of the shares issued by Phoenix Vega Mezz Ltd and held by the Company. The newly established entity will be accounted for as a subsidiary until the distribution completion date, which is expected to occur in August 2021.

Except for the above, during the first semester of 2021 the company did not make any new investment by acquiring, establishing or increasing its equity stake in any entity, in excess of € 10 million.

b) Significant changes in the Group's subsidiaries, associates and joint ventures during the period:

The changes incurred during the period ended 30 June 2021, in excess of € 10 million, were the following:

Piraeus Bank S.A. proceeded with two capital raising transactions: a) a share capital increase by € 265 thousand through payment in cash, with the issuance of 265 thousand new common registered voting shares of par value €1.00 each, at an offering price of € 1,000 per share, which was completed on 29 March 2021; and b) a share capital increase by €1,302 thousand through payment in cash, with the issuance of 1,302,000 new common registered voting shares of par value €1.00 each, at an offering price of €1,000 per share, which was completed on 2 June 2021. Both transactions were fully subscribed by the Company and the total amount of capital raised was € 1,567 million. The second transaction was funded from the net proceeds of € 1,301 million collected by the Company through its share capital increase, which was completed on 29 April 2021 (refer to Note 25.1 for further information).

On 16 June 2021, Piraeus Bank S.A. issued € 600 million fixed rate reset Additional Tier 1 perpetual contingent temporary write-down notes, which mirrors all material terms of the AT1 Capital Instrument (the "Internal AT1 Capital Instrument"). The instrument was fully subscribed by the Company for an amount equal to the net proceeds from the issue of the AT1 Capital Instrument, i.e. € 595 million. The Bank classified the Internal AT1 Capital Instrument within equity at its nominal value of € 600 million and the difference of € 5 million was recognised directly in retained earnings, as a deemed capital distribution. The reason for issuing the intragroup back-to-back instrument was solely to transfer the net proceeds raised from the AT1 Capital Instrument to the Bank. Given that there is no commercial substance for the counterparties, the Internal AT1 Capital Instrument was accounted for in accordance with IAS 27, at cost, as part of the Company's investment in Piraeus Bank and the carrying amount of the investment increased by € 595 million. There is no impact from the Internal AT1 Capital Instrument on the consolidated financial statements of the Group.

On 2 June 2021, the extraordinary general meeting of the Bank's shareholders resolved a share capital reduction of approximately € 36 million by the annulment of 35,867,347 registered voting shares of par value €1.00 each and distribution to the Company of 95% of the mezzanine and junior notes issued by Sunrise I NPL Finance DAC and owned by the Bank. The said intragroup distribution in kind was completed on 26 July 2021, hence, was accounted for at that date.

c) Liquidation and disposal of subsidiaries:

On 12 April 2021 and 20 April 2021, Piraeus Real Estate Bulgaria EOOD and Piraeus Equity Investment Management Ltd, respectively, were removed from the relevant Company Registries. On 28 May 2021, Abies S.A. was set under liquidation.

29 Capital adequacy

The main objectives of Management with respect to capital adequacy are the following:

- To comply with the Capital Requirements Regulation ("CRR") against risks undertaken, according to the regulatory framework,
- To preserve the Group's ability to continue its operations unhindered, thus to continue providing returns and benefits to its shareholders and ensure the confidence of their customers,
- To retain a sound and stable capital base in order to support the Group'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 Group currently complies with the CRD IV regulatory framework (Basel III implementation under EU rules), which came into force with Directive 2013/36/EU as transposed into Greek Law 4261/2014 and Regulation (EU) No. 575/2013.

The aforementioned regulatory framework requires financial institutions to maintain for the Group a minimum level of regulatory capital related to the undertaken risks. The minimum thresholds for the capital adequacy ratios, as per article 92 of the CRR2, are as follows:

	Group
Common Equity Tier 1 Ratio (CET1)	4.5%
Tier 1 Ratio (T1)	6.0%
Total Capital Ratio (CAD Ratio)	8.0%

Following the activation of the SSM on 4 November 2014, the Group was placed under the direct supervision of the ECB.

According to the latest SREP (Supervisory Review and Evaluation Process), the ECB informed Management about its Overall Capital Requirement ("OCR"), valid for 2021, not taking into account mitigating measures for the Covid-19 pandemic. The Group has to maintain on a consolidated basis, a Total SREP Capital Requirement (TSCR) of 11.25% and an Overall Capital Requirement (OCR) of 14.25%, 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% as per article 16(2) of Regulation 1024/2013/EU;

c) the fully loaded capital conservation buffer of 2.5% under Greek Law 4261/2014; and

d) the transitional Other Systemic Important Institutions ("O-SII") capital buffer of 0.50% for 2021 under Greek Law 4261/2014.

The capital adequacy ratios as at 30 June 2021 and 31 December 2020 for the Group, as calculated under the existing regulatory framework, taking into account the relevant transitional period provisions applicable under Regulation 575/2013 and the transitional arrangements applicable under Regulation (EU) 2395/2017 for mitigating the impact of the introduction of IFRS 9 on own funds, were as follows:

	Group	
	30/6/2021	31/12/2020
Common Equity Tier 1 Capital (CET1)	4,064	5,927
Tier 1 Capital	4,664	5,927
Total regulatory capital	5,554	6,816
Total risk weighted assets (on and off- balance sheet items)	37,391	43,097
CET1 Capital ratio	10.87%	13.75%
T1 Capital ratio	12.47%	13.75%
Total Capital ratio	14.85%	15.82%

On 12 March 2020, the ECB announced several measures to address the adverse economic effects resulting from the Covid-19 pandemic on Banks under its supervision. These measures extend temporary support to Banks, so that they may continue to provide necessary funding and address the European economy's increased needs. For these reasons, the ECB allows Banks to temporarily operate below the level of capital defined by the Pillar 2 Guidance ("P2G") and the Combined Buffer Requirement ("CBR"). Banks are also allowed to partially use capital instruments that do not qualify as CET1 capital, for example AT 1 or Tier 2 instruments, to meet the Pillar 2 Requirements ("P2R"). By applying these measures, the Group has to maintain for 2021 a CET1 capital ratio of 6.33%, a Tier1 capital ratio of 8.44% and a Total CAD ratio of 11.25%.

In June 2021 the Group received Significant Risk Transfer ("SRT") approval for Ermis 1, an inaugural for the Greek market synthetic securitization transaction of performing SME and corporate loans. This initiative is part of a broader strategy by the Management, following its commitment to engage in non-dilutive capital enhancement actions, to strengthen the Group's capital base and facilitate its de-risking activities.

During the second quarter of 2021, the Group also received SRT approvals for the Phoenix and Vega securitized loans portfolios, allowing the utilization of the HAPS guarantee that led to a RWA relief of approximately € 2.2 billion.

As of 30 June 2021, the Total Capital Adequacy ratio for the Group stood at 14.85% and the CET1 ratio stood at 10.87%, covering the minimum Total SREP Capital Requirement ("TSCR") levels. Pro-forma for the SRT approval of the Sunrise 1 securitization, the Total Capital Adequacy ratio for the Group stands at 15.82 % and the CET1 ratio at 11.58%.

The impact of the Covid-19 pandemic also accelerated the implementation of certain measures introduced in the CRR2, including the RWA relief factors for qualifying SME and infrastructure exposures.

Furthermore, the Group adopted the provisions of Article 473a of Regulation (EU) No 2017/2395, amending Regulation (EU) No 575/2013 relating to the CRR in regards with "transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds". These transitional arrangements allowed the Group to add back to its capital base a proportion of the IFRS 9 impact due to ECL allowance during the first five (5) years of use. In addition, according to paragraph 7a that has been added to the said article, the Group replaced the rescaling of all exposure values that are reduced by ECL allowance with a standard risk weight of 100% to be assigned to the amounts added back to CET1 capital.

In addition, Commission Delegated Regulation (EU) 2020/2176 of 12 November 2020 was applied from the end of December 2020 and onwards, allowing financial institutions to measure software assets on a prudential accumulated amortisation basis and risk weight a regulatory defined part instead of fully deducting them from Common Equity Tier 1.

30 Events Subsequent to the End of the Reporting Period

- On 30 July 2021 the Company announced that had successfully completed the 2021 Stress Test Exercise conducted by the ECB. Under the baseline scenario, the fully loaded total capital ratio of the Group stood at 17.1%, while the CET1 ratio at 15.0% at year-end 2023. The baseline scenario was capital accretive by approximately 365 basis points versus 2020. The adverse scenario resulted to a depletion of approximately 480 basis points for the 3-year period. The respective depletion in the 2018 Stress Test Exercise was approximately 770 basis points. The resulting fully-loaded capital ratios for year-end 2023 were 8.6% for total capital and 6.5% for CET1. The adverse scenario resulted to approximately 610 basis points depletion at the year with the highest impact (2021). The Stress Test Exercise was based on a static balance sheet approach and did not incorporate initiatives post 31 December 2020. Taking into account the share capital increase of € 1.4 billion and the € 0.6 billion AT 1 issuance in the 2nd quarter of 2021, the fully loaded ratios under the adverse scenario for year-end 2023 would be adjusted to approximately 13.5% total capital and approximately 10.0% CET1 as per proforma calculations.

- On 4 August 2021, the Athens Stock Exchange Corporate Actions Committee was notified of the decrease of the nominal value of the Company's each ordinary share by €0.05 and the distribution to its shareholders the shares issued by the Cypriot company "Phoenix Vega Mezz Plc", with a value corresponding to the value of the share capital decrease, at a ratio of 1 share of Phoenix Vega Mezz Plc for every 1 share of the Company already held by its shareholders. Following the distribution in kind, the Company's total share capital amounts to €1,188 million and the total number of shares remains unchanged, i.e. 1,250,367,223 common voting shares of a nominal value of €0.95 each. The Ministry of Development & Investments, by virtue of its decision 70056/25.06.2021, approved the amendment of article 5 of the Company's Articles of Association.

- On 5 August 2021, the Group will submit to the Greek Ministry of Finance an application for inclusion of the senior notes that will be issued in the context of the Sunrise II Portfolio securitization of a nominal amount € 1.2 billion in the HAPS, pursuant to Law 4649/2019.

Athens, 4 August 2021

CHAIRMAN OF THE BOARD OF DIRECTORS	MANAGING DIRECTOR	GROUP CHIEF FINANCIAL OFFICER	CHIEF FINANCIAL OFFICER
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